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WORLDWIDE LODGING INDUSTRY 1979

Worldwide Lodging Industry

Ninth Annual Report on International Hotel Operations

1979 Edition

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Foreword

by

The Rt. Hon. Lord Hirshfield, President
Horwath & Horwath International

1978 was a year characterized by high rates of inflation, low rates of growth in production, currency instability and the prospect of a further energy crisis. International tourism again proved its resilience, however, and continued to grow.

According to estimates of the World Tourism Organization, international tourism arrivals increased by more than 8 percent in 1978 to reach a new record of more than 260 million. International tourism receipts increased by more than 20 percent over those of 1977 and world air passenger traffic increased by more than 12 percent.

In addition to the continuing increases in disposable incomes and leisure time and the growing propensity to travel by large numbers of people throughout the world in 1978, the relaxation of the formerly rigid structure of air tariffs made long distance air travel available at fares more closely matching the demands of these markets. During 1978, there also was an increase in the active promotion of tourism at both national and local levels and the highlighting of tourism as a priority development activity not only in the lesser developed areas but also in many highly industrialized countries.

The comparative weakness of the United States and Canadian dollars against Japanese and major European currencies, aided by the lowering of air fares, has resulted in North America becoming an attractive tourist destination. Currency exchange rates, however, must be viewed in a regional context. For example, the strength of the Spanish peseta coupled with high rates of inflation have resulted in the reimposition of price controls by the Spanish Government, a reaction to the fear that one of the country's major economic activities was beginning to price itself out of a very competitive European market.

In global terms, the growth of both international tourist volumes and international tourism receipts experienced during 1977 and 1978 is expected to continue. Last year we suggested that tourism is practically in its infancy and that by 1998 we would be looking back to two decades of spectacular growth. Can this growth continue for the developed destinations? Again using Spain as an example, could 40 million foreign visitors be nearing that nation's saturation point – 40 million visitors are nearly four million people more than the current resident population in Spain. There is a growing awareness that the traditional tourist attractions of "sun, sea and Sangria," which have served the country well for many years, are now taken for granted. The emerging and less intensively developed destinations can offer these basic requirements but also offer a better quality product – a product not yet dominated (or despoiled) by the tourists and their infrastructure requirements. This current growing awareness, which is not restricted to the authorities in Spain, seems to echo the warnings that environmentalists have made for many years. Several governments are now heeding these warnings and taking an active role in tourism development, which varies from restrictive planning and building regulations to comprehensive and positive development strategies that often incorporate financial aid as they do in the United Kingdom.

Specific comments about the hotel sector of the tourism industry from my HHI colleagues around the world are on the following pages. To cope with the trend of increasing international tourist movement, the development of lodging facilities is crucial. But this development must occur not only in the provision for new facilities, it must also include the more efficient utilization of existing units. One alternative now receiving an increasing amount of attention and comment is time-sharing or multi-ownership. Direct integration of tourism and real estate investment at the consumer level appears to be combining both of these development requirements. As a further benefit, to attract the tourist consumer to invest in a project, negative environmental impact detrimental to his investment will have to be avoided. While happy to stay in the concrete bed factories, it is unlikely the users would be equally happy to invest in them.

In a report for the English Tourist Board on the "Fiscal and Incentive Treatment of the Hotel Industry in England," Horwath & Horwath (U.K.) Ltd. highlighted, among other things, the fact that financing available for the hotel industry tends to be relatively short-term and expensive. The experience of time-sharing developments to date indicates that financing in the form of long-term loans to each individual investor is more readily available. These developments also have proved more efficient, to some extent, in terms of annual utilization than their traditional hotel counterparts. For holiday tourism, expansion in time-sharing facilities appears most likely.

In the sphere of efficiency, 1978 heralded another wave of computerization for the hotel industry. The experience of other industries suggests that the application of computer technology to routine operations can result in greater efficiency in utilization of resources. This has proved true in the hotel industry where, for example, increased occupancy of bedrooms has resulted from computerized reservations, but this efficiency has only occurred at times of peak demand. Unfortunately, computerized reservations have not yet solved the problems associated with seasonality. But this efficient utilization of resources connected with tourism is not restricted to occupancy patterns of hotel bedrooms.

Infrastructure is often provided to satisfy seasonal peaks – roads, airports, shops, theaters, energy generation, water and sewage plants, all to service a five-month demand. But the most inefficient of all, especially for the areas of rapid tourism development, is a seasonal work force.

Holiday tourism in recent decades has thrived on the

presence of an equable climate, a lesser developed economy and an abundant labor supply. The "multiplier" effect of tourism has often been stated as a strong rationale for the promotion of development by government. Today, economists and social ecologists are arguing that this often-quoted positive multiplier effect does have a strong negative counterpart. The argument suggests it is sometimes more efficient to avoid tourism development and maintain, for example, subsistence agriculture. Tourism often creates a demand for a part-time and seasonal labor force, which is then able to sustain itself during the seasons of low tourism demand.

In summary, trends indicate a continuing increase in tourism and the consequent demand for lodging facilities, but these boom conditions also carry responsibilities that must not be shirked. To optimize the benefit to an area's economy and to ensure that this boom is not just a "bubble," all of us involved in the many facets of tourism must ensure the efficient and effective use of raw materials – the environment and the host society. ■

Avant-propos

L'année 1978 s'est caractérisée par des taux élevés d'inflation, de faibles taux de croissance dans la production, une instabilité des changes et la perspective d'une persistance de la crise de l'énergie. Le tourisme international a cependant encore démontré sa résistance et continué sa croissance.

Selon les estimations de l'Organisation Mondiale du Tourisme, les arrivées touristiques internationales se sont accrues de plus de 8% en 1978, atteignant avec 260 millions un nouveau sommet. Les recettes du tourisme international se sont accrues de plus de 20% par rapport à 1977, et le trafic mondial des passagers aériens de plus de 12%.

S'ajoutant à la croissance continue des revenus disponibles, à l'allongement du temps de loisir et au développement de la propension à voyager de masses importantes de personnes dans le monde en 1978, l'assouplissement des structures des tarifs aériens a rendu les vols longs-courriers accessibles à des niveaux de prix plus en rapport avec les clientèles de ces marchés. En 1978, il y a eu également un effort accru de promotion active du tourisme au niveau national et au niveau local et l'élévation du tourisme comme un secteur prioritaire de développement non seulement dans les régions moins développées mais aussi dans de nombreux pays hautement industrialisés.

La faiblesse du dollar américain et du dollar canadien par rapport aux monnaies des principaux pays européens et du Japon, conjuguée à l'abaissement des tarifs aériens, a abouti à faire de l'Amérique du Nord une destination touristique attractive. Les taux de change, cependant, doivent être regardés dans un contexte régional; par exemple, la fermeté de la peseta espagnole, couplée avec de forts taux d'inflation, ont amené le gouvernement espagnol à rétablir le contrôle des prix, de crainte que l'un des principaux secteurs économiques du pays ne commence, par ses niveaux de prix, à s'exclure d'un marché européen très concurrentiel.

En termes généraux, la progression enregistrée en 1977 et 1978 du tourisme international à la fois en volume et en recettes, devrait se poursuivre. L'année passée, nous envisagions que le tourisme n'est pratiquement qu'au stade de son enfance et qu'en 1998, nous regarderions derrière nous deux décennies d'une croissance spectaculaire. Est-ce que cette croissance peut se poursuivre pour les destinations développée? Pour reprendre l'exemple de l'Espagne, est-ce que 40 millions de visiteurs – soit presque 4 millions de plus que la population résidente espagnole – ne serait pas proche du seuil de saturation pour ce pays?

Il y a une prise de conscience croissante que les motivations touristiques traditionnelles de "Soleil, Mer et Sangria" qui ont bien servi le pays depuis de nombreuses années, sont maintenant considérées comme normales. Les destinations naissantes et celles moins intensément développées peuvent offrir ces éléments de base, mais aussi un produit de meilleure qualité, non encore dominé (ou abîmé) par les touristes et les infrastructures nécessaires à leur accueil. Cette prise de conscience croissante, qui n'est pas limitée aux autorités espagnoles, semble faire écho aux avertissements que les écologistes ont fait depuis de nombreuses années.

Plusieurs gouvernements tiennent maintenant compte de ces avertissements et prennent une part active au développement touristique, qui varie depuis les planifications restrictives et une réglementation des contructions jusqu'à des stratégies de développement d'ensemble et positives, intégrant souvent, comme au Royaume Uni, des aides financières.

Les pages suivantes résument les commentaires spécifiques de mes collègues de HHI sur le secteur hôtelier de l'industrie touristique. Pour faire face à la tendance de croissance du mouvement touristique international, le développement des hébergements d'accueil est crucial. Mais ce développement doit non seulement intervenir dans l'offre de nouvelles capacités, mais également inclure une utilisation plus efficace des unités existantes. Une alternative reçoit une attention croissante, celle du temps partagé, ou multipropriété. Il apparaît que l'intégration directe du tourisme et de l'investissement immobilier au niveau du consommateur permet de combiner ces deux conditions du développement. En complément, pour inciter le consommateur touristique à investir dans un projet, il sera nécessaire d'éviter tout impact négatif sur l'environnement, préjudiciable à son investissement. S'ils sont satisfaits de séjourner dans des "usines à lits", il est probable que les usagers ne seraient pas autant satisfaits d'y investir.

Dans un rapport pour l' "English Tourist Board" sur la

fiscalité et les aides à l'hôtellerie en Angleterre. Horwath & Horwath (U.K.) Ltd. faisait ressortir, entre autres, le fait que le financement disponible pour l'hôtellerie tend à être relativement à court terme et cher. L'expérience des développements en multipropriété réalisés jusqu'à présent indique que le financement sous forme de prêts à long terme à chaque investisseur individuel est plus facilement disponible. Ces réalisations se sont aussi avérées être plus efficaces, dans une certaine mesure, en termes d'utilisation annuelle, comparativement à l'hôtellerie traditionnelle. Pour le tourisme de vacances, l'expansion des hébergements de type multipropriété semble très probable.

Dans le domaine de l'efficacité, 1978 annonçait une autre vague d'informatisation dans l'industrie hôtelière. L'expérience d'autres industries suggère que l'application de la technologie informatique aux opérations courantes peut aboutir à une meilleure rationalité dans l'utilisation des ressources. Ceci s'est avéré vrai dans l'hôtellerie où, par exemple, les réservations informatisées ont permis un meilleur taux occupation des lits, mais cette efficacité n'est intervenue que dans les périodes de pointe. Malheureusement, les réservations électroniques n'ont pas encore résolu les problèmes associés à la saisonnalité. Mais cette utilisation efficiente des ressources en rapport avec le tourisme ne se limite pas à l'occupation des chambres.

Les infrastructures sont souvent conçues pour satisfaire les pointes saisonnières – routes, aéroports, commerces, théâtres, énergie, eau, tout-à-l'égoût – toutes pour satisfaire une demande durant 5 mois. Mais le plus inefficace de tout, particulièrement dans les régions à croissance touristique rapide, reste le personnel saisonnier.

Le tourisme de vacances, dans les récentes décennies, s'est développé grâce à la présence d'un climat stable, à une économie moins développée et à une main d'oeuvre abondante. L'effet multiplicateur du tourisme a souvent été cité comme une puissante raison pour la promotion du développement par les gouvernements. Aujourd'hui, les économistes et les écologistes soutiennent que cet effect multiplicateur positif a une importante contrepartie négative. L'argumentation suggère qu'il est quelquefois plus efficace d'éviter le développement du tourisme et de maintenir par example une agriculture de subsistance.

Le tourisme crée un besoin pour un personnel à temps partiel et saisonnier, qui est ensuite incapable de s'entretenir durant les saisons de faible fréquentation touristique.

En conclusion, la tendance indique une croissance continue du tourisme et des besoins en hébergements en résultant, mais ce contexte de prospérité porte également des responsabilités qui ne doivent pas être évadées.

Pour optimiser les bénéfices économiques et pour faire en sorte que cette prospérité ne soit pas qu'une illusion, chacun de nous impliqué dans les nombreuses facettes du tourisme doit s'assurer de l'utilisation efficace et effective des matières premières – l'environnement et la communauté d'accueil. ■

Introducción

El año 1978 se caracterizó por los altos índices de inflación, el bajo porcentaje del crecimiento de la producción, la inestabilidad monetaria y el panorama de una nueva crisis energética. Sin embargo, el turismo internacional demostró de nuevo su poder de adaptación y siguió su crecimiento.

De acuerdo a las estimaciones de la Organización Mundial de Turismo, el número de turistas internacionales aumentaron en más del 8% en 1978, alcanzando un nuevo record de más de 260 millones. Los ingresos aumentaron en más del 20 por ciento sobre los de 1977 y el tráfico aéreo de pasajeros se incrementó en más del 12 por ciento.

Además del continuo aumento en los ingresos disponibles, del tiempo ocioso y del creciente interés en viajes en el mundo entero en la nueva flexibilidad de la anteriormente rígidas estructuras de las tarifas aéreas, hicieron posible recorrer grandes distancias aéreas a tarifas más apropiadas a las demandas del mercado. Durante 1978, también hubo un incremento en la promoción activa del turismo, tanto a nivel nacional como internacional y se destacó el turismo como una actividad de desarrollo prioritario, no solamente en áreas menos desarrolladas sino también en países altamente industrializados.

La debilidad relativa de los dólares Estadounidenses y Candienses contra la moneda Japonesa y la de la mayoría de los países Europeos, ayudadas por la baja de las tarifas aéreas, ha traído como consecuencia que Norteamérica se haya convertido en un atractivo punto de destino turístico. Sin embargo, los tipos de cambio deben ser contemplados en un contexto regional. Por ejemplo, la firmeza de la peseta Española, conjuntamente con las altas tasas de inflación, trajeron como consecuencia la reimposición del control de precios por el Gobierno Español, reacción ante el temor de que una de las principales actividades económicas del país pudiera dañarse por el aumento de precios en un mercado tan competitivo como es el Europeo.

En términos globales, se espera que en 1979, tanto el volumen como los ingresos generados por el turismo internacional, sobrepase las cifras habidas en los años 1977 y 1978. En el año pasado dijimos que el turismo está practicamente en su infancia y que en 1998 recordaremos a dos décadas de crecimiento espectacular. Podrá continuar este crecimiento en los países desarrollados?. Usando nuevamente a Españo como ejemplo, 40 millones de visitantes extranjeros pueden acercarse al punto de saturación del país; – 40 millones de visitantes representan cuatro millones de personas más que la población total de España. Existe el convencimiento creciente de que la tradicional atracción turística del "sol, mar y sangría", que ha servido bien al país por muchos años, ya no es suficiente. Nuevos puntos de destino que son menos desarrollados pueden ofrecer estos requisitos básicos, pero también ofrecen un medio ambiente que todavía no esta dañado por los turistas y por sus requisitos de infraestructura. Esta conciencia, que no está limitada a las autoridades de

España, parece que ha provocado eco de las advertencias que han hecho los expertos del medio-ambiente durante muchos años.

Muchos gobiernos están ahora prestando atención a tales advertencias y toman parte activa en la dirección del desarrollo del turismo, la cual varí desde el pla- amiento restrictivo y reglamentación de la construcción, hasta estrategias amplias y positivas que a menudo incorporan ayuda financiera, tal como se hace en el Reino Unido.

En las páginas siguientes encontrarán comentarios específicos acerca del sector hotelero de la industria turística, hechos por mis colegas de HHI alrededor del mundo. El desarrollo de las facilidades de alojamientos es crucial para poder manejar el movimiento cresciente del turismo internacional. Pero este desarrollo no debe limitarse solamente a construir nuevos hoteles sino también debe estudiar la utilización más eficiente de las unidades existentes. Una de las alternativas que ultimamente ha merecido mayor atención y comentarios es el "time-sharing" o propiedad común. La integración directa del turismo y de las inversiones en inmuebles a nivel del consumidor parecen estar combinando ambos requisitos de desarrollo. Como beneficio adicional, para atraer el turista-consumidor a invertir en un proyecto, se tratará evitar cualquier impacto negativo sobre el medio ambiente.

En un informe para el English Tourist Board sobre el "Tratamiento Fiscal e Incentivo de la Industria Hotelera en Inglaterra", Horwath & Horwath (UK) Ltd. se resaltó, entre otras cosas, el hecho de que el financiamiento para la industria hotelera tiende a ser a plazo relativamente corto y caro. Para proyectos de "time-sharing" el financiamiento a largo plazo está más disponible a los inversores individuales. Estos proyectos demostraron ser más eficientes, hasta cierto punto, en términos de utilización anual, que los tradicionales hoteles correspondientes. Para vacacionistas, la expansión de "time-sharing" parece muy probable.

En la esfera de eficiencia, 1978 señaló otra ola de instalaciones de computación en la industria hotelera. La experiencia de otras industrias sugiere que la aplicación de la technología por computadoras para operaciones de rutina puede dar resultados muy eficientes. Esto se ha comprobado en la industria hotelera donde, por ejemplo, las reservaciones computarizadas han resultado en ocupaciones mayores, pero esto sólo ha sucedido en momentos de máxima demanda. Desafortunadamente, las reservaciones computarizadas no han resuelto todavía los problemas relacionados con las temporadas. Pero la eficaz utilización de recursos, aplicada al turismo, no está restringida a la ocupación de habitaciones.

La infraestructura está generalmente calculada para satifacer los picos de temporada – carreteras, aeropuertos, tiendas, teatros, generación de energía agua y plantas de drenaje, todo esto para servir una demanda fuerte durante cinco meses. Pero lo más ineficiente de todo, especialmente en las áreas de rápido desarrollo turístico, es la fuerza temporal de trabajo.

Los vacacionistas en décadas recientes han buscado lugares de clima uniforme y economíasmenos desarrolladas con abundante provisión de mano de obra. El efecto "multiplicador" del turismo a menudo fue considerado como una razón para la promoción del desarrollo por parte de los gobiernos. Hoy día, los economistas y ecólogos sociales argumentan que este efecto multiplicador positivo, mencionado tan a menudo, tiene una contrapartida bastante negativa. Este argumento sugiere que a veces es más conveniente evitar el desarrollo turístico y mantener, por ejemplo, la agricultura. El turismo, frecuentemente, crea una demanda de trabajo por temporadaso medio tiempo, la cual queda entonces incapacitada para sostenerse a si misma durante la temporada de baja demanda turística.

Resumiendo, las tendencias indican un aumento continuo en el turismo y como consecuencia una gran demanda por facilidades de alojamiento. Pero estas condiciones de auge también traen consigo responsabilidades que no deben ser eludidas. Para conseguir beneficios óptimos a una área de la economía y para asegurar que este auge no sea solamente una "burbuja", todos nosotros, vinculados en muchas facetas del turismo, debemos asegurar el uso eficiente y efectivo de materias primas, -del medio ambiente y de la sociedad hospitalaria. ■

Vorwort

Das Jahr 1978 war durch hohe Inflationsraten, geringe Zuwachsraten in der Produktion, Währungsveränderungen und die Aussicht auf eine weitere Energiekrise gekennzeichnet. Der internationale Tourismus bewies jedoch erneut seine Spannkraft und wuchs weiter.

Nach den Schätzungen der Welt Touristik Organisation stieg die Anzahl der internationalen Touristen in 1978 um mehr als 8% auf einen neuen Rekord von mehr als 260 Millionen. Die Einnahmen aus dem internationalen Tourismus stiegen gegenüber 1977 um mehr als 20% und das weltweite Flugpassagieraufkommen wuchs um mehr als 12%.

Zusätzlich zu dem weiteren Anstieg der verfügbaren Einkommen und der Freizeit sowie der zunehmenden Neigung zu Reisen in grossen Gruppen überall in der Welt in 1978, hat die Lockerung des früher starren Gefüges der Flugtarife Ferntlugreisen zu Preisen ermöglicht, die dem Bedarf dieser Märkte besser entsprechen.

In 1978 war ferner eine Zunahme in der aktiven Werbung für den Tourismus sowohl auf nationaler als auch auf lokaler Ebene zu verzeichnen, sowie eine Hervorhebung des Tourismus als eine vorrangige Entwicklungsaufgabe nicht nur in den weniger entwickelten Gebieten, sondern auch in vielen hoch industrialisierten Ländern.

Aufgrund der Schwäche des amerikanischen und des kanadischen Dollars im Vergleich zur japanischen und bedeutenden europäischen Währungen sowie dem Rück-

gang der Flugtarife wurde Nordamerika ein anziehendes Reiseziel. Die Wechselkurse müssen jedoch zusammen mit den örtlichen Begebenheiten gesehen werden.

So hat zum Beispiel die Stärke der spanischen Peseta im Zusammenhang mit hohen Inflationsraten zu einer Wiedereinführung von Preiskontrollen durch die spanische Regierung geführt, die befürchtete, dass einer ihrer bedeutendsten Wirtschaftszweige aufgrund der Preise aus dem umkämpften europäischen Markt verdrängt werden könnte.

Allgemein wird erwartet, dass sich die Zunahme der Jahre 1977 und 1978 in der Anzahl der internationalen Touristen sowie der entsprechenden Einnahmen fortsetzt. Letztes Jahr gaben wir zu verstehen, dass der Tourismus in den Kinderschuhen stecke und dass wir 1998 auf zwei Dekaden spektakulären Wachstums zurückblicken würden. Kann aber dieses Wachstum von den etablierten Reisezielen weiterhin erreicht werden? Wenn wir wieder Spanien als Beispiel nehmen, so könnten 40 Millionen fremde Besucher (nahezu 4 Millionen mehr als die ansässige Bevölkerung) die Zahl erreicht haben, die von der einheimischen Bevölkerung verkraftet werden kann. Man wird sich zunehmend darüber klar, dass die traditionellen Touristenattraktionen Sonne, See und Sangria, die bisher so hervorragende Werbeträger Spaniens darstellten, als selbstverständlich angesehen werden. Die neu entdeckten und noch weniger bekannten Reiseziele können diese Grundvoraussetzungen ebenfalls bieten, aber zusätzlich noch bessere Rahmenbedingungen, die noch nicht von den Anforderungen der touristischen Infrastruktur beherrscht bzw. verdorben sind. Diese zunehmend wachsende Erkenntnis, die keineswegs auf die Verantwortlichen in Spanien beschränkt ist, scheint das Echo der langjährigen Warnungen der Umweltschützer zu sein. Verschiedene Regierungen nehmen diese Warnungen jetzt ernst und übernehmen eine aktive Rolle in der Entwicklung des Tourismus. Diese Rolle kann im Erlass von Vorschriften bestehen, die Planung und Bau neuer Anlagen erschweren und bis zur Konzeption umfassender Entwicklungspläne reichen, die oft mit Finanzierungshilfen ausgestattet werden wie z.B. in Grossbritannien.

Präzise Hinweise meiner HHI-Kollegen aus der ganzen Welt zu dem Hotelsektor des Touristengewerbes finden Sie auf den nächsten Seiten. Um mit den wachsenden internationalen Touristenströmen Schritt zu halten, ist die Weiterentwicklung der Übernachtungsmöglichkeiten von entscheidender Bedeutung. Diese Entwicklung schliesst aber nicht nur die Bereitstellung neuer Kapazitäten ein, vielmehr müssen die bestehenden Einrichtungen noch rationeller genutzt werden. Eine immer mehr Beachtung gewinnende Möglichkeit dazu stellt die Eigentümergemeinschaft mit Nutzung der Objekte auch durch die Eigentümer dar. Die direkte Verbindung des Tourismus mit den Investitionen in Grundeigentum auf der Ebene des Verbrauchers scheint beide Entwicklungserfordernisse zu verbinden. Ein weiterer Vorteil dieser Alternative ist die geringere Umweltbelastung, denn negative Umwelteinflüsse können investitionshemmend wirken. Es ist nämlich kaum vorstellbar, dass der Tourist – so gerne er seine Zeit in den "Betonbettenburgen" verbringt – ebenso gerne Investitionen in diesen Gebäuden vornimmt.

In einer Untersuchung für den englischen Tourist Board über die steuerliche und fördernde Behandlung des Hotelgewerbes in England hob Horwath & Horwath (UK) Ltd. neben anderen Punkten besonders die Tatsache hervor, dass die dem Hotelgewerbe zur Verfügung stehende Finanzierung tendenziell kurzfristig und teuer ist. Die Erfahrung der Eigentümergemeinschaften bis heute zeigt, dass die Finanzierung in Form langfristiger Darlehen für den einzelnen Kapitalanleger leichter zu erhalten ist. Diese Entwicklungen waren daneben, was die jährliche Belegung betrifft, in mancher Beziehung erfolgreicher als die bei traditionellen Hotels. Soweit es die Urlaubstouristik betrifft, erscheint die Expansion auf dem Gebiet der Eigentümergemeinschaften höchst wahrscheinlich.

Im Bereich der Wirtschaftlichkeit ergab sich 1978 ein verstärkter Einsatz der elektronischen Datenverarbeitung im Hotelgewerbe. Die Erfahrung in anderen Branchen zeigt, dass der Einsatz von Computern für Routinearbeiten die Auslastung der vorhandenen Leistungsreserven erheblich verbessert. Dies hat sich für das Hotelgewerbe z.B. durch die computergestützte Reservierung als richtig erwiesen, woraus eine höhere Zimmerbelegung resultierte, jedoch bisher nur in Zeiten der Spitzenbelegung. Auch die computergestützte Reservierung konnte die Probleme nicht lösen, die aus den saisonalen Schwankungen resultieren. Aber dieser rationelle Einsatz der dem Tourismus zur Verfügung stehenden Mittel ist keineswegs auf die Belegungssysteme von Hotelzimmern begrenzt.

Die Infrastruktur, wie Strassen, Flughäfen, Läden, Theater, Energie- und Wasserversorgung und Kläranlagen, ist oft zur Erfüllung der Saisonspitzenbelastung ausgelegt bei einem Nachfragezeitraum von fünf Monaten. Aber das unwirtschaftlichste von allem ist, jedenfalls für die Gegenden mit rascher Entwicklung des Tourismus, der saisonale Arbeitskräfteeinsatz.

Die Ferientouristik ist in den letzten Dekaden auf der Grundlage eines gleichmässigen Klimas, einer wenig entwickelten Wirtschaft und einem reichlichen Angebot an Arbeitskräften bestens gediehen. Der Multiplikator-Effekt des Tourismus wurde oft als Grundvoraussetzung für das Vorantreiben der Entwicklung durch die Regierung angeführt. Heute behaupten Wirtschaftler und Ökologen, dass der so oft als positiv bezeichnete Multiplikator-Effekt einen erheblich negativen Aspekt beinhalte. Sie geben zu bedenken, dass es manchmal sinnvoller sein könnte, Touristikentwicklungen zu vermeiden und z.B. das notwendige Ackerland zu erhalten. Der Tourismus schaffe oft eine Nachfrage nach Teilzeitkräften und Saisonarbeitskräften, die dann nicht in der Lage sind, ihren Lebensunterhalt in der touristenarmen Zeit zu bestreiten.

Zusammenfassend zeigt sich ein Trend zu weiter wachsendem Tourismus und daraus folgend wachsender Nachfrage nach Beherbergungsmöglichkeiten, doch ebenso zeigen sich die damit verbundenen Verpflichtungen, denen nicht ausgewichen werden sollte. Um den grösstmöglichen Erfolg für die jeweilige Region zu erzielen und um sicherzustellen, dass der Zuwachs nicht nur kurzfristig ist, müssen wir alle, die wir in den verschiedenen Bereichen des Tourismus tätig sind, den rationellen Gebrauch der Grundlagen sicherstellen – die Umwelt- und gesellschaftlichen Bedingungen der Gastländer. ■

Comments from Around the World

Africa

From Kenya

Kenya's tourism industry, the largest source of revenue after agriculture, experienced another good year in 1978. Although the growth in the number of foreign visitors to Kenya slowed, the sharp downturn feared by many in the industry did not materialize.

Recent promotional activity in the mass travel and holiday markets has been successful. One of the most significant trends in the development of tourism is the sharp increase in the proportion of Europeans taking beach holidays in Kenya. In 1978, beach hotels achieved an annual average bed occupancy of 66 percent. However, the game lodge and up-country business suffered somewhat in 1978 due to the marked reduction in tourists from North America. Nairobi hotels and game lodges recorded a small overall decline in foreign visitors, with bed occupancies in the lodges down from 58 percent in 1977 to 54 percent in 1978. This trend continued during the early months of 1979, the peak season for Kenyan tourism, with a further decrease in safaris. However, Nairobi hotels improved their performance somewhat compared with the corresponding period in 1978, mainly as a result of an increase in business and convention visitors.

The Kenyan hotel industry has more than 20,000 beds, of which 7,500 are in Nairobi, 6,900 in beach hotels, 1,600 in lodges and more than 4,000 up-country. In recent years, there has been some increase in capacity in all areas except Nairobi, with a number of beach hotels substantially expanding their capacity. However, there has been no major new hotel development in Kenya since 1976. As a result, there is now some concern about the growing reliance on beach-based tourism and the ability of the major tourist generating countries of Europe to maintain their contributions to the growth rate of Kenyan tourism. Kenya is, therefore, embarking on a massive development program in which 10,000 beds will be added to the country's accommodation capacity during the next five years. The Kenya Tourist Development Corporation proposes to invest K£10 million, of which approximately K£7.5 million will be spent on the development of lodges and hotels. This program seeks to spread tourist development throughout the country, thus reducing the dependence on beach resorts, and to sustain the rate of growth by increasing visitors' average length of stay.

S. Medlik
Director
Horwath & Horwath (U.K.) Ltd.
London

From Morocco

There were 1,477,000 arrivals in Morocco in 1978; 25 percent were Moroccans returning from working abroad. Foreign visitors increased 4.7 percent.

There are 57,700 beds in Morocco; 35,400 in tourist hotels, 10,600 in holiday villages and 11,700 in nonrated hotels. An additional 6,000 beds are expected by mid-1980, primarily in upper-class facilities. The occupancy rate for all hotels was 57.1 percent in 1978.

Tourism has continued to increase in Morocco since 1968, except for the period from 1974 to 1976 due to the oil crisis. Two million visitors are expected in 1981.

Christian LaPorte
Horwath & Horwath France
Paris

From Nigeria

The Nigerian hotel industry continues to prosper, particularly from business and conference visitors. Occupancy levels at the better hotels are excellent and room rates are high.

Before the end of 1979, the Nigerian Government is expected to release a report on the classification of hotels. As a result, the federal government should be in a position to control hotel prices and ensure standards.

Several new hotels were opened in 1977, notably at state capitals such as Abeokuta, Akure and Yola, while new plans were announced in Sokoto, Bauchi, Calabar, Jos and Minna. Expansions and new facilities have been proposed for existing hotels in several other state capitals.

Late in 1978, the federal government announced grants of about US$1.5 million to each of the 19 states of the federation for development of tourist centers in each state. During 1979, state officials have been identifying potential areas of such projects.

A new segment of the hotel industry is being developed by the Nigerian Sports Council, which owns sports stadia in several cities. The council plans to build hotel complexes adjacent to the stadia in Lagos, Kaduna

and Ibadan to provide accommodations for sportsmen, as well as business travelers. These proposed hotels should be particularly adaptable as conference centers. Local and international conferences and seminars are increasing, and hotels specifically designed to attract such patronage are likely to benefit.

The Nigerian Tourist Board, a federal government agency established in 1978, is promoting the development of more hotels and tourist centers. The board's efforts are starting to show some results after a 12-year lull in hotel development that led to a shortage of accommodations in Nigeria.

A. B. Alabi
Partner-in-Charge
Alabi, Bakoh, Ekundare & Co.
Lagos

From South Africa

Occupancy rates for South African hotels increased only marginally during 1978. Average room occupancy for the year through February 1979 was 61.7 percent compared with 61.1 percent for 1977. Bed occupancy increased from 48.5 to 49.1 percent during the same period. Hotels at the top end of the market showed a slightly higher improvement. Five-star hotels, for example, increased their average room occupancy from 59.8 percent to 63.1 percent.

While the decline in the industry's revenue appears to have halted, there are still no clear indications of a major upswing. Predictions for 1979 revenue range between 2 and 5 percent above that for 1978. However, the country appears to be headed for another sharp increase in the rate of inflation and hoteliers doubt the nominal growth in their revenue will offset the expected increases in operating costs. A recent 15-cent-per-liter increase in the price of gasoline and prohibition of gasoline sales on weekends will be a serious blow to resort and country hotels.

The long-term outlook is promising. Most commentators predict greater economic growth and a general improvement in the property market. Several new hotels have opened in the past year and a number of new establishments are planned for South Africa and neighboring territories.

Delano Carus
Senior Consultant
Horwath & Horwath Management Consultants (Pty) Ltd.
Johannesburg

From Sudan

Dwindling hopes of Sudan joining the ranks of the oil-producing nations were recently revitalized by the announcement that Chevron has made the country's first major oil strike. However, this announcement, made at a time when the economy of Sudan can best be described as shaky, was met with a certain amount of cynicism and belief that the timing of the announcement was politically motivated. It is evident that the government of Sudan still faces severe economic problems. This is reflected in the extent of hotel and tourism development activity throughout the country as a whole and in Khartoum in particular.

Short-term prospects for the hotel industry in Sudan are not good, with the exception of the two or three leading hotels in Khartoum. Business confidence still has not returned and this lack of confidence has served to reduce the number of business arrivals in Khartoum significantly, by far the main source of accommodation demand.

Most of the planned hotel projects in Khartoum have been temporarily shelved and future increases in room supply are likely to be limited to the 150-room, government-backed Friendship Palace Hotel, which is nearing completion, and the proposed 250-room Penta Hotel.

Elsewhere in Sudan, several leading companies have shown an interest in Port Sudan (on the Red Sea coast) for potential hotel development.

Howard V. Williams
Consultant
Horwath & Horwath (U.K.) Ltd.
London

From Tunisia

In 1978, 1,230,500 foreign visitors arrived in Tunisia and spent 9,456,300 days (average length of stay was 7.7 days). Income from tourism totaled 166,700,00 dinars.

The hotel room supply has increased at an average annual rate of 7 percent, from 34,300 beds in 1970 to 66,060 in 1978, the year in which hotels showed a 50 percent rate of occupancy.

During the first four months of 1979, 339,500 foreign tourists arrived in Tunisia, an increase of 21.7 percent compared with the same period in 1978. The outlook for the remainder of 1979 is very encouraging.

Tourism highlights for 1979 include:

- The inauguration of Port Elkantaoui, a large tourist complex on the Mediterranean Sea near Sousse and Monastir. It includes a harbor for 340 boats, an 18-hole golf course, deluxe hotels, villas and flats. The complex is expected to have 13,000 beds by 1985.
- The opening in southern Tunisia of the International Airport of Nesta Tozer. The facility will help to develop tourism in this part of the country, as well as in the rest of North Africa.

Yves Escudier
Horwath & Horwath France
Paris

Asia

From Hong Kong

During 1978, Hong Kong had the greatest increase in the number of foreign tourists for any destination in the Far East, an increase of 17 percent over the 1977 figure. At the same time, it was the primary travel destination in the region. On the minus side, the number of tourists from Japan has declined significantly since 1974. Nevertheless, one of every four visitors to Hong Kong is still Japanese. Substantial increases also were recorded in the number of visitors from Taiwan, Korea and the Philippines.

At present, Hong Kong suffers from a shortage of hotel rooms. By 1982, however, it is expected that an addi-

tional 7,000 rooms will have been added to the total supply. One factor that might increase the number of travelers to Hong Kong is the opening of China to increasing numbers of tourists and commercial travelers. At the same time, relaxation of restrictions on travel by Taiwanese nationals should help to sustain the growth of travelers to Hong Kong from that country.

Richard M. Sherman
Associate Director
Research, Development & Education
Laventhol & Horwath
Philadelphia

From India

Hotel capacity in India has recorded substantial increases in recent years, according to an official release.

During the past five years, 137 new hotels of international standards, with a total capacity of 8,453 rooms, have been added to the list of approved facilities. As a result of this expansion, there were 313 hotels with a total capacity of 18,754 rooms by the end of April 1979.

Hotel accommodations now available in the four metropolitan cities are as follows:

	Hotels	Rooms
Delhi	29	3,065
Bombay	40	3,457
Calcutta	12	1,172
Madras	27	2,056

In addition, there are 75 hotel projects at various stages of construction throughout the country. When completed, these projects will add 4,632 rooms to the existing capacity.

The India Tourism Development Corporation has plans to construct hotels in several major tourist areas including Gulmarg, Goa and Puri. When these hotels are completed, an additional 1,475 rooms will become available.

The Hotel Corporation of India, a subsidiary of Air-India, also proposes to build hotels in Bombay, Delhi, Srinagar and two other locations, adding another 1,130 rooms.

International tourist arrivals in India during 1978 increased 16.8 percent over 1977. During the year, 747,995 international tourists (excluding nationals of Pakistan and Bangladesh) visited India compared with 640,422 in 1977. The daily arrivals of foreign tourists in the country increased from 1,755 in 1977 to 2,050 in 1978.

V. N. Raiji
Partner-in-Charge
N. M. Raiji & Co.
Bombay

From Indonesia

According to Indonesia's Director General of Tourism, 468,614 foreign tourists visited the nation during 1978, spending US$230.7 million. A total of 8,707,000 domestic tourists were also recorded.

Several new developments are expected to increase tourism in the near future. Among these developments are:

- The opening of the Sumatra Highway extending from Banda Aceh in North Sumatra to Lampung in South Sumatra. The highway provides a land and ferry link from Thailand through Malaysia, Sumatra and Java to Bali and also facilitates travel within Indonesia.
- Anticipated completion of the Cengkareng International Airport in Jakarta by 1982-83. The new facility will be the nation's fifth airport capable of handling large passenger aircraft such as the Boeing 747 and DC-10. The other four are located at Medan, Jakarta, Surabaya and Denpasar.
- Upgrading of the international seaports – Tanjung Priuk in Jakarta and Tanjung Perak in Surabaya.
- Institution of a star system of hotel classification based on rooms, facilities, utilities, service and staff, and reorganization of tour and travel agencies for customer protection.

The new 250-room Hyatt Buri Surabaya opened in May 1979. There are good prospects for foreign investment in hotel and recreation facilities on Batam Island off Singapore. Investment continues in hotels outside Java and in the Nusa Dua Tourist Estate, Bali.

The National Convention Commission has been established to launch Indonesia into the international convention market. As a result of the commission's efforts, "Indogerma '79," a convention of more than 200 West German engineering companies, is scheduled to be held in Indonesia in October.

Herman Budiarso
Director
Drs Machdjud Modopuro & Co.
Jakarta Kota

From Japan

There was an increase of only 1 percent in foreign visitors in 1978 compared with an increase of 12 percent in 1977. Hotel occupancy declined in 1978 for several reasons: a decrease in the number of arrivals from Europe and the United States because of the strength of the Japanese yen, and a recession in Japan.

Despite these factors, during 1979 new hotels are expected to be built and expansion will take place in some existing facilities. A total of 7,752

JAPAN

Trend in the Number of Visitors

Year	Number of Visitors	Stayed in Japan			Temporary Landing
		Total	Sightseeing	Business, etc.	
1974	764,246	661,461	408,553	252,908	102,785
1975	811,672	707,790	447,073	260,717	103,882
1976	914,772	795,235	505,744	289,491	119,537
1977	1,028,140	890,688	574,218	316,470	137,452
1978	1,038,875	906,321	563,499	342,822	132,554

(Source: The Ministry of Justice)

Trend of Hotel Occupancy

Year	City Hotel	Resort Hotel	Total
1974	79.8%	56.8%	75.3%
1975	76.5	52.8	71.8
1976	77.9	53.8	73.1
1977	78.2	56.2	73.9
1978	77.4	56.4	73.6

(Source: Japan Hotel Association)

rooms are expected to be added at 50 properties.

Room rates for first-class hotels in Tokyo increased 5 to 10 percent in 1978; rates ranged from US$42 to US$60 for single rooms and from US$65 to US$84 for doubles.

A new trend is emerging in the Japanese hotel industry. Domestic markets are providing a larger share of business for hotels than in the past because of rising personal income that permits the Japanese to spend more on leisure activities. We expect that 1979 will be a generally good year for hotels.

Yoshiyasu Fujii
International Liaison Partner
Horwath & Showa Co. Ltd. Japan
Tokyo

From Korea

In 1978, foreign tourists arriving in the Republic of Korea totaled more than one million for the first time (14 percent more than in 1977). Foreign tourist receipts exceeded US$400 million, a 10 percent increase over the 1977 level. Arrivals from Japan continued to represent more than 60 percent of the total (all Asians represented 70 percent); the United States accounted for 12.5 percent, and overseas Korean residents, 11 percent.

During 1978, nearly 4,000 rooms of international standard were added, bringing the total to more than 15,000 rooms by the end of the year (more than 60 percent are located in Seoul). New hotels have been opened throughout the country in 1979 and the total capacity is expected to reach 20,000 rooms by year-end. An additional 2,600 rooms are scheduled to become available in 1980 and 1,600 in 1981.

The doubling of available quality rooms in only a few years has had a significant impact on occupancies. Until recently, it was a "seller's market" for Seoul hotels. Informed observers now believe that the hotel boom in the capital city is over, although relatively high occupancies are likely to continue.

Two major tourist complexes are under construction in the south. In 1979, the first phase of the development plan was completed for the imaginative Bomun Lake resort project near the historic city of Kyongju; the project includes two hotels with 300 rooms each and a convention hall. So far, both hotels have been underutilized. Chungmun on Chejudo Island, 165 miles off the southern coastal port of Pusan, is scheduled to open in 1980.

The Korea National Tourism Corporation (KNTC) is endeavoring to diversify the flow of tourists to Korea, particularly to reduce the heavy reliance of the industry on Japanese visitors. Promotional efforts in North America and Europe are being intensified. A new KNTC office in Seoul has been established to attract more international meetings and conventions. The growth of the domestic market also shows promise.

What cannot be changed is Korea's geographical location. While annual growth rates in arrivals of 10 to 15 percent should continue for several years, it may take a longer time to achieve a significantly diversified mix of foreign tourists, and a healthy equilibrium in the supply and demand of hotel rooms outside Seoul.

S. Medlik
Director
Horwath & Horwath (U.K.) Ltd.
London

From Malaysia

The slight downward trend in tourist arrivals in the second half of 1978 continued into 1979, resulting in a drop of 3 percent for the first quarter. As foreign guests comprise about 40 percent of total guest nights in the country's hotels, this trend is not encouraging, especially for resort hotels, which depend largely on foreign guests. To add to their woes, new hotels continue to be built. In Penang Island alone more than 1,000 additional rooms are scheduled to become available in 1979, while new resorts are being developed or planned at Desaru in Johor, Tanjung Jara in Trengganu and Langkawi Island to the north of Penang.

The occupancy survey by the Tourist Development Corporation (TDC) reveals that the annual average occupancy rate for the country in 1977 was a mere 56.9 percent compared with neighboring Singapore which had an 83.3 percent occupancy rate. Our own research shows that the bigger hotels in Kuala Lumpur are recording occupancy rates of about 60 percent in 1979. Of the 3,483,000 guests checking into hotels in 1977, 34 percent were foreigners who spent an average 2.2 nights compared with the average length of stay of 1.5 nights for domestic guests. A total of 5.74 million guest nights were spent at establishments in the country during 1977 compared with 5.95 million in 1976.

To increase the number of foreign tourists to Malaysia, the TDC has embarked on a direct advertising campaign that consumes about 80 percent of its annual advertising budget. Selling missions have also been sent regularly to Japan, Australia and Europe. Air travel has been facili-

Visitor Arrivals

Country of Origin	1979 January-March		1978 January-March	
	Number Of Visitors	Percent Contribution	Number Of Visitors	Percent Change
ASEAN countries	186,631	54.9	193,147	- 3.4
Japan	27,701	8.2	34,663	- 20.1
Australia & New Zealand	25,755	7.6	31,384	- 17.9
U.K. & Ireland	22,527	6.6	22,539	Negligible
Continental Europe	21,979	6.5	21,090	+ 4.2
U.S.A. & Canada	19,696	5.8	21,854	- 9.9
India	15,733	4.6	10,250	+ 53.5
Others	19,739	5.8	15,438	+ 27.9
	339,761	100.0	350,365	- 3.0

(Source: Tourist Development Corporation)

tated with the opening of the international airport at Penang where most foreign tourists are concentrated (84.2 percent of foreign guest nights in the country are spent at Penang beach hotels). Other airports in Kota Kinabalu, Kuantan, Kuala Trengganu and Kota Bharu are also being improved to increase the flow of travelers to East Malaysia and the east coast of Peninsular Malaysia.

Other regional organizations, such as KEJORA, which is developing Desaru in Johor, have their own marketing programs. Tourism in Johor is aimed mainly at Singapore citizens; more than one million travel to Johor each year, but these arrivals have not been included in TDC's statistics because of the difficulty in differentiating daily visitors from tourists.

The results of these marketing efforts have not yet materialized. From all indications, Malaysia may be "turning the corner," but the boom is still far away.

Ali Abdul Kadir
International Liaison Partner
Lim Ali & Co.
Kuala Lumpur

From Singapore

The current expansion trend in the hotel industry in Singapore is expected to continue through 1979 and the early 1980s.

The Apollo Sentosa, located on the resort island of Sentosa just a 10-minute cable car ride from Singapore, will be adding 65 new rooms to its existing facilities. A new property, the Cairnhill Hotel, will be completed this year. Among the expansions due to be completed in 1979 are the Marco Polo (308 rooms); the Merlin (100); the President (525), and the Tai Pan (37).

Projects due for completion in 1980 or 1981 include the Dynasty (398 rooms); the Grand Central (230); the King's Hotel (143); the Madarin (448); the Orchard (352), and the Pavilion Intercontinental Singapore (480).

The total number of hotel rooms projected by the Tourist Promotion Board for the end of December 1979 is 12,727 rooms compared with 11,505 rooms at the end of December 1978, an increase of 1,222 rooms. Although the number of new hotels and available rooms continues to increase along with an ever-increasing influx of tourists to occupy them, hoteliers and hotel managers are faced with escalating operating costs.

A new major cost is the National Wages Council Guidelines adopted by the government in July 1979, recommending one of the highest wage increases in recent years. This is in line with the government's policy of elevating the economy to a higher technological level, and also reflects the affluence of the society in general. It is likely that more hotels will begin to use computers in front office operations, reservations, registration and as a management aid to help offset some of these higher labor costs.

Singapore has also been affected by the world energy crisis. The Public Utilities Board is promoting a "Save Energy" campaign, reinforced by fines for energy wastefulness and increased utilities charges effective August 1979. It is expected that local hotels will soon be paying 11 to 35 percent more for electricity and 27 to 34 percent more for gas.

The impact of the devaluation of the Indonesian rupiah and Australia's International Civic Aviation Policy (ICAP) on Indonesian and Australian visitors to Singapore has been less than anticipated. A random survey of local hotels shows there has been a decrease of only 2 to 3 percent in the number of these visitors compared with the same period last year and, therefore, a long-term decrease is not expected. This illustrates the tremendous resilience of the lodging industry.

Patrick K.C. Tay
Partner-in-Charge
Patrick Tay & Co.
Singapore

From Taiwan

The most significant recent travel news from Taiwan has been the liberalization of regulations concerning Taiwanese travel abroad. With the exception of those individuals with military obligations, any Taiwanese citizen may now travel abroad as a tourist for up to three months a year. It is expected that as many as 600,000 tourists will take advantage of the new regulations in 1979. These prospective tourists face one problem, however: obtaining the necessary visas. With Taiwan's few diplomatic links it is sometimes difficult to get visas, particularly for travel to countries that refuse to accept visa applications filed in a third country.

Visitors arriving in Taiwan from abroad increased 14.5 percent in 1978, although an increase of only 6.75 percent is projected for 1979, largely due to a projected decrease of 12 percent in the number of arrivals from North America.

During 1978, 12 hotels with 3,391 rooms were opened; in 1979, nine

new hotel construction projects are expected to add another 1,960 rooms. Another development in 1978 that will likely exert a significant impact on lodging figures was the opening of the Chiang-Kai Shek International Airport, the largest airport in the Far East.

Richard M. Sherman
Associate Director
Research, Development & Education
Laventhol & Horwath
Philadelphia

Australasia

There were no major additions to the hotel room supply in Australia and New Zealand during 1978. However, both countries had increases in the number of foreign visitors, a trend that will likely proliferate when anticipated cheaper airfares to Europe and North America are introduced. Such fares have been approved or are in the process of negotiation.

In Australia, interest in tourism and, in particular, the lodging industry was further stimulated by the report of the House of Representatives Select Committee on Tourism which recommended the introduction of a depreciation allowance on income producing buildings and an amendment to the present investment allowance to permit multiples of the same item to be claimed as a single investment.

Major first-class hotels in Australia had increased occupancy and profitability in 1978. In the larger metropolitan centers, such as Sydney and Melbourne, the peak season shortage of first-class accommodations is becoming acute. When taken in the context of recent predictions that Australia can expect more than one million overseas tourists in 1981 (compared with 600,000 in 1978), the development potential for new first-class facilities in the major capitals is readily apparent. In addition, there now appears to be considerable need for renovating and extending budget-class facilities to accommodate the growth in package tours, which are likely to be stimulated by lower airfares.

If further increases in aviation fuel costs do not nullify the impact of the reduced fare rates now being introduced, the prospects for the lodging industry in Australia and New Zealand are encouraging.

E. Eugene Falk
Chairman
Horwath & Horwath Australia
Melbourne

Caribbean

As in 1977, the number of visitors to the Caribbean Islands continued to increase in 1978, reflecting a turnaround from the past four to five years when tourism in the Caribbean was depressed. Six areas in the Caribbean continue to account for 75 percent of the total number of visitors: Barbados, the Bahamas, the Dominican Republic, Jamaica, Puerto Rico and the U.S. Virgin Islands. Many of the other islands also have had increases in total tourist arrivals.

Government expenditures for promoting tourism have been significant in the Dutch islands of Aruba, Bonaire and Curaçao, as well as in the French islands of Guadeloupe and Martinique. The islands attracting the greatest number of tourists have large budgets for tourism promotion, increasing at an annual average rate of 10 to 15 percent. Although more people have been arriving from Europe and Latin America during the past two years, the United States and Canadian markets continue to dominate the total volume of visitors to the various islands in the Caribbean; exceptions are in the Dutch and French islands, the majority of whose tourists come from Europe. Granada, St. Lucia, Trinidad and Tobago are beginning to attract larger volumes of visitors from neighboring islands, while the Dominican Republic and Puerto Rico are attracting more tourists from South American countries because of their linguistic and cultural similarity.

In 1978, the average annual occupancy for the entire Caribbean area was about 65 percent; nevertheless, most of the first-class destination resorts and commercial hotels averaged more than 70 percent. A significant drop in occupancy has been recorded in Jamaica, a result of the political and economic instability of the past few years. Conversely, such islands as Curaçao, Aruba, the U.S. Virgin Islands and Puerto Rico have had occupancies in excess of 75 percent.

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Michael A. Stein
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Europe

General Comments

During 1978, increases in arrivals of foreign tourists in Finland, Greece, Portugal, Spain and Yugoslavia ranged between 14 and 23 percent, according to estimates of the Organization for Economic Cooperation and Development (OECD). In Portugal and Yugoslavia this increase generated corresponding increases in nights spent in registered accommodations. However, in Belgium, Denmark and Switzerland, foreign tourists spent fewer nights in registered accommodations. The three main intraregional tourist-generating countries, France, Germany and the United Kingdom, all recorded appreciable increases in the flow of tourists. The number of U.S. citizens departing for Europe increased by 6 percent in 1978.

The monetary unit of accounts used for most statistical purposes (including this report) is the United States dollar. In 1978, the U.S. dollar steadily depreciated against all major European currencies; this trend continued during the first six months of 1979. As a result of the depreciation of the U.S. dollar, associated fluctua-

tions in the exchange rates between European currencies and the persistence of inflation at various levels, international tourist receipts and expenditures in 1978 increased by about 2[5] percent in actual monetary terms but only 6 percent in adjusted real terms. Nevertheless, according to OECD estimates derived from the U.S. Passport Office, the number of American citizens bound for Europe increased by 4 percent during the first six months of 1979 compared with the same period in 1978.

The full impact of the disruption in the world oil supply and associated shortages of gasoline during the first few months of 1979 has not been felt yet. In Europe, tourists traveling by car appear to be apprehensive about both the cost and availability of gasoline; a decrease in long-distance automobile travel is anticipated. This could particularly affect the number of French and German travelers to Spain and Italy.

As these comments are being prepared, Rumania has announced restrictions on the supply of gasoline to foreign motorists at the height of the tourist season, threatening to strand thousands of travelers (particularly those from other Eastern European countries) and disrupt the hotel industry in neighboring Bulgaria. Is this the first indication of a new hazard that could occur elsewhere?

Jonathan Bodlender
Managing Director
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London

From Denmark

The optimistic mood in the Danish tourist industry during 1978 has turned pessimistic in some sectors this year, partly as a result of the national and international energy crises. In addition, because of industrial actions in national ferry traffic and unfavorable weather conditions, 1979 is not expected to be the record-breaking year many had anticipated. This is the main conclusion of a survey made by the Danish Tourist Board during July 1979.

Many Copenhagen hoteliers indicated that even if 1979 does not live up to previous expectations, operating results equal to those of 1978 are realistic and will have to be considered satisfactory.

During the first seven months of 1979, resort hotels had a 5 percent increase in guest nights. Many resort hotels have invested in conference and meeting facilities, and increased demand for this service during the off season is contributing to expectations among these hotels that overall results from 1979 will be up 5 percent compared with 1978.

Ib Jenlev
Partner-in-Charge
Revi-Consult Odense
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Odense

From France

Despite inflation and the U.S. dollar's weakness, the number of international visitors to France steadily increased during 1978; the number of passengers at Parisian airports rose by 8.8 percent. Total sales in the tourism industry were about 173 billion francs, or 8 percent of France's Gross National Product.

French residents spent 50 million visitor days in hotel facilities. In addition, foreigners spent 15 million visitor days in hotels.

Total hotel capacity increased by 1.5 percent (+ 6,800 rooms). The increase occurred principally in two-star properties (+ 5,100) due to governmental incentives, and in four-star establishments (+ 1,400); the capacity of one-star facilities continued to decrease.

Few new hotel projects are being considered. The major French hotel groups are focusing on development abroad, particularly in the United States. Development strategies are based on special interest markets and low-cost hotel concepts.

In the Paris region, there was no increase in hotel capacity and room occupancy was satisfactory. First-class facilities registered a 73 percent average occupancy rate (+ 1 percent), combined with steady increases in average room rates. As a result, operating conditions continued to improve. The operating conditions of small hotels also are expected to improve because initial steps have been taken to decontrol prices in the French hotel industry. However, this benefit could be offset during the next year by inflation, increasing payroll and related expenses, and the impact of the energy crisis.

René Amirkhanian
International Liaison Partner
Horwath & Horwath France
Paris

From Germany

The German hotel industry generally had a successful year during 1978, recording a 6 percent increase in sales and improved profits. This trend has continued so far in 1979, and satisfactory results are expected for the rest of the year.

Hotel chains have continued to expand in recent months.

Looking ahead, there is considerable concern about increasing energy and personnel expenses. Another cause for concern is the increase in the exchange rate of the West German mark for foreign visitors, particularly those from the United States, and the increasing awareness of prices by tourists.

Kurt Gelbert
Partner-in-Charge
Horwath & Gelbert GmbH
Frankfurt am Main

From Greece

The tourism industry in Greece had a record year in 1978, and continued growth is expected in 1979 in the number of foreign tourists and tourism receipts. Earnings from tourism in 1979 are expected to reach US$1,800 million, an increase of 30 percent over 1978. Greece is also experiencing a boom in hotel development, particularly luxury facilities.

There is little doubt that tourism in Greece is thriving. In the past, similar conditions have led hotels to make large price increases in an attempt to capitalize on the high demand. Such actions have been resisted by tour operators. Increased demand has also led to a high incidence of overbooking by hotels, a particular problem in Crete and Corfu this year. The situation is further aggravated by hoteliers who are permitted to reduce high season allocations to tour operators pro rata if spring allocations are not completely taken.

For most foreign tourists, Greece is a long-distance holiday destination and the airfare is the largest part of the total cost of a travel package. It is likely that large increases in the price of oil, and consequently of airfares, will affect demand. There are also fears that after Greece enters the European Economic Community in 1981, the country's economy will be affected by increased inflation and an unstable currency.

In spite of these anticipated problems, the potential for further growth of tourism in Greece is great. Greece is becoming a major alternative destination to Spain, although the size of its workforce and the foreseeable developments in infrastructure will prevent it from achieving the volume of tourists that now visits Spain.

A significant development during 1979 is the National Tourist Office's introduction of special incentives to tour operators, charter airlines and tourists, designed to encourage more travel out of season. Unlike most other European resort destinations, the tourist season in Greece is primarily during the summer months.

Dermot C. A. Mathias
Director
Horwath & Horwath (U.K.) Ltd.
London

From Ireland

The Irish tourist industry had its best year ever in 1978, with the number of tourists exceeding two million for the first time. The actual figure, 2,197 million, represents a 12 percent increase compared with the previous year. Total revenue, including carrier receipts and revenue from excursionists, reached £289.8 million, an increase of 20 percent.

Hotels had a good year, with significant improvements in occupancy and profits. Demand for accommodations in Dublin and other major urban centers was extremely heavy during the high season.

In 1979, tourism has suffered two unexpected setbacks: the postal and telecommunications dispute, which made bookings difficult, and gasoline shortages, which deterred visitors traveling by automobile. However, the papal visit in September drew many foreign visitors, and the Irish Tourist Board is optimistic that final figures for 1979 will be close to those for 1978.

Harry Boland
Partner-in-Charge
Horwath, Haughey, Boland & Company
Dublin

From Italy

As anticipated in the *Worldwide Lodging Industry Midyear Commentary 1978–1979*, 1979 is proving to be one of the best years for Italy's hotel industry since 1970. The principal reasons for this upswing are:

- The favorable exchange rate of the Italian lira against all major currencies has resulted in a 20 percent increase in the number of tourists compared with 1978.
- The lack of new hotel development in the past five years has contributed to higher occupancy levels in existing facilities.
- The new labor contract for hotel workers has proved favorable for hotel operators and has halted strikes.

In spite of these positive factors, we are not completely optimistic about prospects for the future. Italy's unstable political situation, which shows no sign of improvement, is discouraging new hotel investment. The energy crisis inevitably will affect the cost of transportation and most likely reduce tourism. Operational costs for lodging facilities are increasing as a result of higher fuel costs. An attempt to offset these increases by raising rates could lead to reduced occupancies.

Massimo de Rosa
International Liaison Partner
Horwath & Horwath (Italia)
Rome

From the Netherlands

The Dutch Government has admitted that all is not well in the tourist industry following the recent publication of tourist balance of payment figures for 1978. The figures reveal a deficit of five billion guilders, or 1,250 Dutch guilders for every employed person in the Netherlands. The government has therefore announced a doubling of aid to the industry to 50 million guilders. The National Tourist Office announced new marketing strategies and a shift in emphasis from the traditional tourist areas to those that are relatively underdeveloped.

Our own survey of the Dutch hotel industry shows that income before fixed charges increased slightly in 1978 for the total sample. Amsterdam hotels lost ground, but motels increased their profitability. As we reported in 1978, business at hotels in the provinces continues to improve and additional proposed facilities have been announced. In one provincial town, more than three new projects are underway while existing Amsterdam hotels have expansion plans totaling only about 100 rooms.

A recent survey of the top 20 hotel groups (rank based on total number of rooms) reveals that plans exist for expanding the number of rooms by 16 percent or 1,700 units. During 1978, these groups added 404 rooms to their inventories.

Apart from local groups, the major investment impetus has come from Great Britain with the Crest Hotel takeover of the Clingendael Hotel Group (price 72 million Dutch guilders) and the purchase of two existing properties by Comfort Hotels. The French Groups Wagon-Lits, Novotel and Ibis are also expanding within the country.

We expect 1979 to be a very interesting year for the lodging industry and hope the government's new

policy and the apparent faith hotel groups are placing in the Dutch market will bring rewards.

A.J.F. Reijn
International Liaison Partner
Reijn, de Blaey & Co.
Amsterdam

From Norway

The number of foreign visitors arriving in Norway in 1978 rose only slightly above the 9 percent increase recorded in 1977. The number of U.S. tourists going to Scandinavia declined in 1978 because of the low-priced airfares being offered between North America and European destinations such as London, Frankfurt, Paris and Amsterdam. As a result, the Nordic countries are urged to develop a collective tourism marketing program, a concept that was suggested at the 1978 annual meeting of the Nordic Hotel and Restaurant Association.

The Norwegian Government instituted wage and price controls in 1978, as we reported in *Worldwide Lodging Industry Midyear Commentary 1978–1979*. Consequently, hotel profits are expected to decrease in 1979.

Olai Lorange
Partner-in-Charge
Lorange og Braende
Oslo

From Poland

The tourist industry in Poland underwent further expansion in 1978, with a 5 percent increase in arrivals (to 983,000) from nonsocialist countries. Off-season demand was increased through congresses and conferences. Warsaw is already a leading conference destination in Eastern Europe; Cracow is also likely to develop as an important conference center after the opening of the new Inter-Continental (Orbis) in 1980.

The major constraint to a more rapid growth rate in tourism is still the shortage of suitable hotel accommodations. Negotiations are in progress for the construction of a major new hotel in Warsaw that would be financed and operated from the West. To alleviate Poland's hotel shortage, Polish authorities apparently must encourage and promote this type of development.

In spite of the weak dollar, the fuel crisis and the general recession, 1979 is expected to be an even better year for tourism than 1978. A major factor in this development was Pope John Paul II's visit to Poland in June, which, apart from creating an influx of visitors during the month, has created much publicity for Poland. In addition, the 1980 Olympics in Moscow should benefit the tourist industry in Poland, with visitors staying en route and on their return.

The government's need to reduce foreign currency borrowings is likely to cause authorities to give greater support to an industry that has such great potential for earning hard currency.

Dermot C.A. Mathias
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London

From Portugal

As expected, 1978 was another successful year for tourism in Portugal. The statistics show a 40 percent increase in cash receipts and a 30 percent increase in guest nights.

The trend is expected to continue throughout 1979. Despite the energy crisis and general recession, the country's 140,000-bed capacity was reported to be sold out for the entire summer high season. A total of 40 million tourists are expected during the year. If achieved, this level of business will exceed that of 1973, the previous record year.

The now relatively stable political situation combined with a weak currency makes Portugal an attractive destination for vacationers when compared with its neighbor Spain, which has a strong currency and rapid inflation. The Portuguese escudo has been devalued by some 50 percent during the past 12 months and while the trend shows some improvement, effective devaluation against a basket of European currencies is continuing at a rate of about one percent per month.

To cope with the boom in tourism and optimize the economic benefits it brings to the country, many of the hotel developments that were abandoned half-finished in 1974 are now being reassessed. If completed, these projects would increase the supply of beds in and near the popular tourist locations by approximately 10,000.

For existing hotels, trading conditions in 1978 and the anticipated results for 1979 represent a welcome return to effective and profitable hotel operation, although the historical problems of cash flow are likely to persist in many cases.

Although generous government incentives for development exist, we caution prospective developers to research and evaluate the prospects for the next five to ten years thoroughly before embarking on more of the ambitious plans that were begun during the early 1970s but are only now coming to fruition.

Jonathan Bodlender
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From Spain

Official statistics for the first six months of 1979 indicate a 14.3 percent increase in visitors to Spain, up to 15.5 million from 13.6 million in 1978. However, some 800,000 of these additional visitors were Portu-

guese, which indicates visits of short duration (including day trips). Although demand was unseasonably strong in the earlier months of the year, during June and July Spanish hoteliers complained about relatively poor occupancies with low future bookings for the rest of the year.

Many complaints came from the Costa Brava (Spain's northeastern coast); arrivals at the area's two airports, Barcelona and Gerona, were down 8.6 percent and 18.5 percent respectively for the first half of the year. This downturn may be the result of fear engendered by the activities of the Basque separatist movement. The Costa del Sol (Spain's southeastern coast) also seems to be suffering from a decline in demand during the summer months. We warned in the *Worldwide Lodging Industry Midyear Commentary, 1978–1979* that "a major strike in April 1979 in Costa del Sol hotels and restaurants ended too recently to know whether bookings for the remainder of 1979 will be adversely affected. But it is certain that the strike has damaged future investment prospects."

One very important factor in the current weak tourist demand for Spain is that it has become much more expensive than in the past for most foreign visitors. This has resulted from a strong currency and relatively steep inflation, a combination that creates an unusual phenomenon for a major tourist destination country.

The peseta, long regarded as one of Europe's weaker currencies, has foreign exchange reserves in excess of US$11 billion. These reserves have accumulated partly as a result of a strong tourist industry earning large amounts of foreign currency, and partly because much of the recent investment in Spain has been through funds raised on the Eurodollar market in the absence of suitable local investment funds and bank loan facilities. The resulting strength of the currency has brought some overseas pressure on Spain to revalue the peseta, at a time when the tourist industry really needs a devaluation of the peseta to provide a compensatory balance to potential foreign visitors for the effects of inflation.

We suggest that a strong currency and a high rate of inflation are incompatible. Further, we note that these conditions are not conducive to a booming tourist industry, so fundamental to Spain's total economy.

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From Sweden

Developments in 1979 seem to be offsetting the 1978 trend of decreasing occupancy rates. This is partially a result of various measures taken to promote tourism and travel in Sweden, including special price offers by hotels and restaurants as well as price cuts by domestic airlines, railroads and car rental firms.

Although there has been an increase in volume, profit margins are still at a very low level. The prohibition of slot machines as of January 1, 1979, has not had the expected negative effect. It was anticipated that a number of employees would be laid off, but this has not been the case.

There seems to be an optimistic outlook within the industry due to a balanced and favorable cost development. The wage increase of the past year was the lowest in many years.

A number of new hotel and tourist resort developments are planned for the near future. During the past year, the Esso group increased its total number of rooms by more than 500. There is still a shortage of first-class hotels in major Swedish cities. Development costs are so high that some form of local government intervention in the planning is needed to obtain feasible rates for new city properties.

The Swedish economy has recovered slowly and has been able to cope with inflation rather effectively in recent years. However, it is difficult to make any predictions about the nation's economy because of the energy crisis.

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From Switzerland

The Swiss lodging industry is pleased with the increasing number of Japanese and other Far Eastern visitors, a direct result of a recent campaign by tourist offices and travel agencies that promoted Switzerland in Japan and the Far East. Presumably, this program will bring more successful results in one or two years. Another positive factor is Japan Air Lines' new direct route between Tokyo and Zurich.

During the summer of 1979, there was a further decline in the number of visitors from the United States, particularly group travel. This can be partially attributed to the strength of the Swiss franc and the trend of U.S. citizens to visit areas with milder climates.

During the first six months of 1979, the number of guest nights declined 9 percent compared with the same period of 1978. While the number of local visitors increased by 1 percent during the same period, there were considerable decreases in foreign visitors from North America, West Germany, the Netherlands, Belgium, Italy, Great Britain and France. Another factor affecting the Swiss tourism industry was the unexpected grounding of the DC-10 aircraft. This crisis created considerable uncertainty, since the plane is used by Swissair on a substantial number of its long-distance flights.

While 1979 is not expected to be one of the better years for Switzerland's tourism industry, the latter half of the year should be an improvement over the first six months. Weekend travel should increase during the next

few years, since distances in Europe are short, transportation by air and rail is excellent, and roads are well maintained.

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From the United Kingdom

During 1979, the hotel industry in the United Kingdom is faced with an expected decrease in overall tourist arrivals for the first time in 30 years. Many observers believe this decrease could be as high as 5 percent. Figures recently released by the Department of Trade for the first quarter of 1979, indicating a drop of 7 percent compared with the same period of 1978, appear to confirm this trend.

Tourists from Common Market countries for the first quarter of 1979 (about one of every six overseas arrivals for this period) decreased by 13 percent; travelers from the United States (about one of every three overseas arrivals for the same period) were down by 12 percent. However, it is important to note that during the past two or three years visitors from Common Market countries traveled to the U.K. for stays of short duration to shop for inexpensive goods resulting from a then declining pound sterling.

The apparent decline of tourist arrivals in 1979 should be viewed against the backdrop of the increases experienced throughout 1977 and 1978. In the latter year, tourist arrivals increased by 400,000 to a record of 12.6 million; leading London hotels had annual occupancy rates as high as 80 or 90 percent.

The factors contributing to the overall decrease in tourist arrivals include: an unfavorable exchange rate combined with a comparatively high rate of inflation in the U.S.; adverse publicity early in the year about an apparently "strike-bound" Britain; talk of a world recession; the grounding of the DC-10 aircraft, and reports of an impending fuel crisis. The relationship of the pound to the currencies of major demand-generating countries is the most significant variable.

But the outlook is not entirely gloomy. Increases in the number of visitors from areas other than the U.S. and the Continent have been significant. Travelers from New Zealand and Latin America increased 32 percent and 43 percent respectively during the first quarter of 1979. Further, in spite of the depleted number of arrivals, expenditures by overseas visitors are expected to increase by about 10 percent in 1979 to 2.75 billion pounds.

Outside London, the worst-hit hotels this year have been properties in resort areas that have been unable to adapt to changing holiday patterns and requirements. For example, the counties of Devon and Cornwall in southwestern England, a seasonal resort area, are experiencing a 15 to 20 percent decline in the number of visitors. However, British resort hotels are expected to benefit from a healthier domestic market following recent and future reductions in direct taxation.

In contrast to past attitudes of the financial community, the hotel industry currently is considered by many financial institutions to be a reasonably attractive investment. In some cases, 15-year loan money is thought to be available as opposed to the five to seven year term (with a 100 percent "payout") previously offered.

A recent survey of 15 leading hotel groups by the English Tourist Board indicates that they plan to build an additional 12,400 rooms in the near future, of which only 30 percent will be extensions to existing properties. The English Tourist Board seems to be encouraging investment by small hoteliers, and a number of town councils in England are also considering ways of promoting hotel development.

Development interest by private and public concerns currently is focusing on Wales and Scotland. In Northern Ireland, the greatest influence on tourism has been the sectarian violence and unrest.

Horwath & Horwath (U.K.) Ltd. has been commissioned by the Northern Ireland Department of Commerce, in conjunction with the Northern Ireland Tourist Board, to conduct a study that will assess the potential of the tourist industry in the province, particularly its economic impact on employment and the administration of the industry at all levels of government.

The British Government's recent budget and changes in policy, apart from the increase of Value Added Tax (VAT) from 8 percent to 15 percent, contain a combination of measures that could have a negative effect on new hotel investment. These include higher interest rates; a modest reduction in Development Land Tax (DLT); abolition of the Community Land Act, which, combined with DLT, offered local government authorities certain development possibilities; reductions in local government financial support, and the "no-change" in capital allowances (i.e. depreciation allowances) for the hotel industry – that is, the absence of parity with manufacturing industries in the matter of "industrial building allowances." These negative factors were only partly offset by sizeable reductions in direct taxation.

The future of the tourist industry in the U.K. must clearly be viewed with reservation. The relatively high value of the pound is likely to continue while a possible recession in 1979 and 1980 in the U.K. and elsewhere may affect tourism. But the industry has shown such resilience, even during the recession of 1974–75, that we believe any downturn will be temporary. Airfares will remain cheap in real terms. London will benefit from becoming an even more important financial center than during the last decade, perhaps as a result of the need to recycle "petropounds."

Jonathan Bodlender
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S. Medlik
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Latin America

General Comments

The comments for Latin America were compiled by Eliberto J. Gracia, senior principal, and Michael A. Stein, manager, Laventhol & Horwath, Miami.

From Argentina

Slow economic growth coupled with high inflation makes the Argen-

tine Republic an expensive destination for foreign visitors. During the past few years, however, there has been a trend for Argentinian nationals to travel abroad on vacation.

Two new first-class facilities opened recently in Buenos Aires: the 250-room Bauen Hotel and the 100-room Elevage. Both facilities, reflecting high quality in design, appeal to the more affluent tourists and the commercial market. Facilities are also planned for the tourist areas of Bariloche and Cordoba within the next two to three years. Occupancies at most first-class facilities averaged 70 percent in 1978. Commercial and group travelers from neighboring Latin American countries, the United States and Western Europe are exerting an increasing demand on hotel facilities in Buenos Aires. The government's new economic policies have provided incentives for further investment in both commercial and tourist facilities. As a result, several development programs are currently underway throughout the nation, which should create a stronger market for tourist-class hotels.

From Brazil

Hotel market conditions in Brazil's two principal cities of Saõ Paulo and Rio de Janeiro remained strong during 1978. Additions to the room supply made in 1976-77 are beginning to have an impact on tourist facilities in Saõ Paulo. Occupancies for the area's tourist hotels have ranged between 65 and 75 percent; however, better facilities in the commercial section of Saõ Paulo maintained fairly even occupancies year-round, between 75 and 78 percent. In Rio de Janeiro, the nation's tourist capital, first-class facilities along the coast at Copacabana, Ipanema and Leblon maintained their high occupancy levels with very little fluctuation in demand during the year.

Several hotel chains have been seeking properties for conversion into hotels along Rio's major beach resort areas. Two new facilities are planned or under construction in Rio: the Rio Palace at Copacabana and Caesar Park Hotel at Ipanema. Both expect to begin operation during 1979. Additional hotel facilities are planned for other regions of the country, such as Manáos and Belo Horizonte. They will be developed by local groups to support the government's efforts to increase national tourism.

From Chile

The economy of Chile has improved considerably during the past several years, producing national as well as foreign confidence in investments in the leisure time industries. Two new projects are underway in Santiago: a 350-room Holiday Inn and a 200-room expansion of the Sheraton Hotel. Several other international hotel chains with facilities in major South American cities are currently studying the possibility for new developments in Santiago, Valparaiso and other important Chilean cities. The high cost of real estate and construction coupled with the lack of government incentives for hotel development has led to the construction of several small hotels in different regions of the country, to serve primarily the domestic tourist industry. Among the new privately operated hotels under study or construction are a 300-room facility at Galerias Nacionales, further expansion of the Cristobal Inn chain, and the development of Hotel Miramar in Viña del Mar.

From Colombia

International tourism in Colombia has increased more than 30 percent in 1978 compared with 1977. In part, this is the result of CONATUR's promotional efforts abroad. In addition, Colombia's continued economic growth has attracted foreign investment in the country's major cities; for example, the total demand by commercial travelers for hotel rooms in Bogotá exceeds 50 percent of the total business activity within these properties. Existing hotels in major cities are planning expansion. A number of new facilities are planned in Bogotá,Cali, Cartagena and Medellin.

From Guatemala

Guatemala continues to be a destination for group travelers from North America and, more recently, from Europe. The principal hotels in Guatemala City and resort facilities in such areas as Lake Atitlan report increased demand by international groups. Growth in the international market is also due to the large volume of visitors from other Central American countries who travel to Guatemala for long weekends and vacations.

Hotel occupancy in Guatemala City during 1978 did not vary much from the previous year, maintaining a range between 69 and 79 percent. Most of the demand for hotel accommodations has been generated by commercial travelers from North and Central America. The introduction of service by Eastern Airlines is expected to generate additional demand for lodging accommodations, since the Miami-Guatemala City route is already popular among commercial and tourist travelers from the United States, Canada and other Latin American countries.

From Nicaragua

Occupancies at the two major first-class hotels in Managua remained high during the early months of 1978. However, the civil unrest during the latter part of the year substantially limited the number of tourist arrivals. As a result, hotel demand has been limited to commercial travelers. Due to continuing political instability and the resulting economic standstill, no new major hotel facilities are proposed for Managua or the major cities of León and Matagalpa.

From Panama

Panama's hotel industry in 1978 did not change materially from the previous year. Occupancy at the better hotels in Ciudad de Panama ranged between 75 and 80 percent with much of the demand generated by business travelers. During the past two years group travelers from South America and other Central American nations have become more prevalent.

Three major projects are either under construction or planned: a 250-room Holiday Inn at the Tocumen International Airport (currently under

construction); an international chain-operated hotel at the Centro de Convenciones Turistico, located about two miles from the heart of Ciudad de Panama, and a 200-room tourist-oriented hotel to be located in Cerro Punta in the Province of Chiriqui.

Development of additional tourism infrastructure depends considerably on the economic and political outcomes resulting from Canal Zone Treaty discussions between the governments of the United States and Panama.

From Venezuela

The trend toward high occupancy for hotels in the country's principal cities continued in 1978, primarily because of the oil industry. In Caracas, Maracaibo, Valencia, Barquicimeto and Puerto Ordaz occupancy at first-class hotels remained above 90 percent during weekdays year-round, making it very difficult for all visitors to find suitable accommodations. Although several new hotel projects are planned, few, if any, will be ready to begin operations earlier than 1982–83. As a result, demand will continue to exceed supply during the coming years.

The newly created Ministry of Tourism, in conjunction with CORPO TURISMO, is in the process of reevaluating the tourism infrastructure in Venezuela. Both organizations are preparing a program for the mass development of smaller hotel facilities that will cater primarily to Venezuelans. This program reflects a long-term governmental concept that has been in the planning stages for the past five to six years.

The principal problems concerning the growth of tourism in Venezuela are:

- The lack of hotel accommodations in the principal tourist/commercial areas of the country due to high construction costs, excessive government regulations, lack of manpower and inadequate financial arrangements.
- The high cost of international travel.
- Limited air service.

The Middle East

General Comments

In recent years, the hotel industry throughout the Middle East has been dominated by development activity. However, during 1977 the pace slackened. New development activity became minimal in 1978, and in the early part of 1979 few hotel projects have progressed further than the discussion phase.

We believe the next decade will show a period of consolidation in which the inadequacies in both facilities and service, previously accepted by hotel users as inevitable, are likely to play an increasingly important part in the individual's choice of accommodation.

Edward J. G. Davies
Director

Geoff S. Parkinson
Director
Horwath & Horwath (U.K.) Ltd.
London

From Egypt

Egypt is currently undergoing a transition in its tourism and hotel industries. The peace treaty negotiations between Egypt and Israel have resulted in a changing profile of international visitors to Egypt. Certain markets have declined in volume; at the same time, the potential for new multi-destination tours involving both Israel and Egypt has become evident. It has been suggested that with the decline in some markets and the development of others, it will take until 1980 or 1981 to return to former levels of activity.

The supply of first-class hotel rooms in Cairo is increasing rapidly with approximately 1,200 new first-class international rooms scheduled to come on line in 1980 and some 2,200 in 1981. Exact completion dates are subject to the final phases of building contracts which, in some cases, have been considerably delayed. Plans exist for an additional 2,000 deluxe rooms to be completed in 1982 and 1,700 in 1983. These increases in the deluxe and first-class international market sectors have produced official reaction against further development in those sectors and a recommendation for more budget accommodations. However, continuation of official policy to fix room rates at a level well below that which markets are prepared to pay may make some of the partially-completed projects nonviable because of high construction costs and interest rates.

The policy of making Egypt a low-cost destination must be viewed in terms of the exceptionally high cost of airfares to the area. Pressure on airlines and an increase in charter business may reduce fares (despite fuel cost increases). Room rates could then be related to market levels and hotel viability improved.

Tourism development in Egypt in the next few years will depend on room supply. Marketing is an essential ingredient for success and product promotion needs particular attention. The days of annual average occupancies of 90 percent are drawing to a close and only those hotels with modern, acceptable facilities, good marketing, adequate room rates and a willingness to "package" their product will produce reasonable returns.

Egypt still has unexploited potential for tourism. Destinations other than Cairo are, as yet, comparatively inaccessible for direct international arrivals. Beach-based tourism on the Mediterranean and Red Sea coasts is in its infancy and represents enormous potential given adequate infrastructure.

The 1.7 million tourists expected to

visit Egypt by 1982-83 will be offered more choice of accommodations than at present and, it is hoped, a better tourism product at a price level acceptable to both the investor in tourism and the market itself.

Youssef Nabih
Partner-in-Charge
Youssef Nabih & Co.
Cairo

Edward J. G. Davies
Director
Horwath & Horwath (U.K.) Ltd.
London

From the Persian Gulf States

Hotels throughout the Persian Gulf area are experiencing greatly reduced occupancy levels and the novelty, for them, of competitive market forces. In most instances, reduced occupancy has resulted not so much from reductions in the levels of demand but from incredible increases in room supply.

The major source of demand for most hotels in the Gulf area has been associated with construction activity, which is short-lived by nature. However, the exaggerated problems experienced by the hotel industry in Sharjah and neighboring Dubai appear to have set other Gulf states on guard. In Qatar, much of the hotel development has not passed the planning stages yet, and in Bahrain, several projects have been abandoned or work has been suspended.

It will be interesting to see whether the effects of future oil price increases will allow the rate of economic diversification to return to the levels of the early and mid-1970s. Without a new impetus generating increased levels of demand for hotel accommodations by businessmen associated with this diversification activity, the immediate and perhaps long-term future of the hotel industry in the Gulf area appears depressing.

Geoff S. Parkinson
Director
Horwath & Horwath (U.K.) Ltd.
London

From Israel

Current figures for Israel's tourism industry show that in the first seven months of 1979, results were similar to the same period in 1978. There was a decline in occupancy in first-class hotels, although the total number of tourists did not decrease.

The number of tourists that arrived in Israel on charter flights increased 30 percent during the first seven months of 1979 compared with the same period in 1978; the number arriving by regularly scheduled flights decreased. It should be noted that charter flight passengers usually prefer the more popularly-priced hotels.

The decline in the number of tourists from North America, which began some time ago, has continued in 1979; tourism from other places, particularly the United Kingdom, has increased.

The level of profitability, especially in first-class hotels, has continued to drop in 1979 as a result of the lower level of occupancy and continuing inflation. This year, inflation in Israel is expected to be well above 70 percent and it will be difficult for hotel operators to offset the increase in their expenditures by means of higher tariffs.

Dan Bawly
International Liaison Partner
Horwath, Bawly, Millner & Co.
Tel Aviv

From Saudi Arabia

The hotel industry in Saudi Arabia depends on travelers who come to the country for business or government-related matters. According to current statistics, there is a serious potential oversupply of international standard accommodations in Riyadh and the two main business and commercial cities, Jidda and Dhahran. In Riyadh, the supply of accommodations used by the business market totaled approximately 1,200 rooms in 1978. By 1980, it is anticipated that 1,200 rooms will be added to this supply; by 1982, even allowing for the downgrading of most of the smaller and less well located locally operated hotels, the available international hotel accommodations in Riyadh will total about 3,500 rooms. A similar dramatic increase is expected in the Dhahran/Al Khobar region, with about 1,100 rooms in 1978 being supplemented by new developments to create an anticipated supply of 3,000 rooms by 1982. In Jidda, increases in room supply are expected to be less dramatic but still substantial, with 1,400 rooms being added to an existing supply of approximately 1,700 rooms.

The establishment of two ambitious industrial complexes is now well underway on the east and west coasts of Saudi Arabia at Jubail and Yanbu respectively. Developments in these areas will inevitably include hotel projects, and the apparent shift in emphasis from Jidda and Dhahran/Al Khobar could well serve to further aggravate the potential oversupply problem.

Elsewhere in the Middle East, hotel operators have looked toward vacation and special interest tourism to offset declining business occupancy, although at discount rates. In Saudi Arabia, this source of demand is not available to operators due to restrictions placed on the issue of visas.

While appreciating that funds available for investment tend to exceed the investment opportunities presented and that expected rates of return consequently are low, we believe many hotels will experience severe cash flow difficulties during the coming years. Increasing pressure will be placed on management contract operators to be flexible in drawing their profit-based remuneration.

Edward J. G. Davies
Director
Horwath & Horwath (U.K.) Ltd.
London

North America

From Canada

In 1978, most major Canadian centers showed occupancy levels equal to or greater than those for 1977; all reported that average room rate increases ranged from 5 to 16 percent. The nine major cities included in our sample reported a composite occupancy gain of three points, from 66 to 69 percent. The composite average room rate increased by 9 percent, from $30.80 in 1977 to $33.47 in 1978.

During the first six months of 1979, the composite occupancy level rose by three percentage points, from 67 to 70 percent. The average room rate increased by approximately 11 percent, from $32.48 to $36.13. The year-to-date figures for the first six months of 1979 are presented in the accompanying table.

During the first part of this year, the anticipated increase in U.S. visitor travel did not materialize but there was a definite trend toward Canadians vacationing at home. In the past few months, there have been slight increases in U.S. visitor arrivals in some major urban areas near the U.S. border.

Prospects for the industry appear good and 1979 should be a record-setting year in terms of overall accommodation demand. The large increases in hotel development that occurred in the mid-1970s are being absorbed. Room rates are catching up with inflation, and, except in the western provinces, few new hotels are scheduled to open in the immediate future.

Mitchel Smith
Partner
Laventhol & Horwath (Canada)
Toronto

From Mexico

The Mexican tourist industry thrived during 1978, following the slowdown in 1975–76 and gradual recovery in 1977. The total number of tourists increased to 3,696,000 in 1978 from 3,237,246 the previous year. More than 14,740,000 domestic tourists visited other parts of the country during 1978, an increase of 1.5 million over the 1977 level.

According to the Banco Nacional de Mexico, one of the nation's major financial institutions, the outlook for the tourist industry is favorable. An estimated 21,000 rooms were built during 1977–78 to help offset a shortage of accommodations. The room supply is expected to increase between 10 and 15 percent in 1979, with hotels currently under construction providing about 15,000 more rooms by the end of 1979. In spite of these additions, the bank projects that demand for hotel accommodations in 1979 will exceed supply. There are plans to build 97,000 more rooms by 1982.

Germán Maldonado
Partner-in-Charge
Maldonado y Asociados
Mexico City

From the United States

As we approach the end of 1979, the outlook for the lodging industry is still somewhat mixed. While some travel patterns changed during the summer months because of gasoline shortages, it does not appear that the energy crisis will materially affect the steady growth of travel and the need for additional rooms in the foreseeable future. However, the current economic situation is expected to have an impact on business travel.

Inflationary room rates and other related hotel charges have not curtailed travel for conventions and meetings, as evidenced by the current situation of capacity filled hotels in New York City.

While there is a need for additional

Trend of Business in Hotels
(Canada)
For the Six Months Ended June 1979
Compared With the Six Months Ended June 1978

		Sales					Occupancy		Average Room Rate		
		Percentage of Increase or Decrease									
		Grand Total	Rooms	Restaurant			Six Months Ended June 1979	Six Months Ended June 1978	Six Months Ended June 1979	Six Months Ended June 1978	Percentage of Increase or Decrease
				Total	Food	Beverage					
British Columbia	Vancouver	+ 21	+ 28	+ 15	+ 17	+ 13	72%	63%	36.11	32.30	+ 12
Alberta	Calgary	+ 11	+ 15	+ 18	+ 12	+ 4	79%	78%	36.59	32.34	+ 13
	Edmonton	*	— 4	+ 3	+ 5	*	70%	76%	30.59	28.88	+ 6
Manitoba	Winnipeg	+ 4	+ 11	— 1	+ 2	— 5	67%	64%	33.43	31.49	+ 6
Ontario	Toronto	+ 15	+ 19	+ 12	+ 15	+ 9	71%	67%	36.73	32.93	+ 12
	Ottawa	+ 1	+ 2	— 1	+ 2	— 5	70%	76%	37.90	34.24	+ 11
	Other	+ 10	+ 15	+ 5	+ 11	— 2	57%	55%	32.33	29.12	+ 11
Québec	Montréal	+ 15	+ 18	+ 12	+ 13	+ 9	61%	57%	38.07	34.67	+ 10
	Québec	+ 19	+ 27	+ 10	+ 9	+ 11	71%	66%	38.00	32.33	+ 18
Nova Scotia	Halifax/Dartmouth	+ 11	+ 16	+ 5	+ 10	— 1	67%	63%	32.39	29.83	+ 9

*Laventhol & Horwath
*Less than .5%

first-class commercial hotel rooms in many major cities, high interest rates and the apparent shortage of capital funding for major projects will continue to be a problem. We have noticed some foreign capital invested in major U.S. projects; however, the prime source of funds will continue to be the major lending institutions and life insurance companies.

Travel, particularly to Europe from the U.S., is likely to decline in 1980 due to inflationary prices and the decreasing value of the U.S. dollar. However, as we have previously predicted, travel to this country from Europe, Asia and Latin America should continue to increase.

Major leisure-oriented resorts are continuing to reflect strong growth trends as are the major U.S. hotel chains.

For 1980 we foresee:

- No appreciable slackening in the demand for meetings and convention space.
- Travel patterns for foreign arrivals in the U.S. will be similar to those experienced in 1979.
- Sales for the industry are projected to be $24.1 billion, primarily reflecting inflationary increases ranging from 6 to 8 percent.
- A decline in industry occupancy of at least two to three points.
- Capital spending for new construction and rehabilitation projects in the lodging industry at the 1979 level with no significant increase anticipated until early 1981.

William L. Sommer
National Partner
Leisure Time Industries Department
Laventhol & Horwath
Miami

The Pacific Region

General Comments

During 1978, the number of visitors to the Pacific region increased by 2.3 million over 1977 to a total of 18.5 million, an increase of 14 percent. Of the travel destinations in the region, Hawaii continued to be the most popular with 3.7 million visitors (two-thirds of whom came from the United States mainland) while Hong Kong and Singapore were, respectively, the second and third most popular destinations. Excluding Hawaii, the Pacific region itself accounted for three of every five of its visitors (61.8 percent); fully one-third of these came from Japan and one-half from Australia and New Zealand.

According to statistics compiled by the Pacific Area Travel Association (PATA), in 1968 the largest number of visitors in the Pacific region came from North America. Ten years later, the number of North American visitors had doubled to two million, while the number of visitors from Europe showed a five-fold increase (540,000 to 2.8 million) and those visitors native to the region showed an astonishing seven-fold increase from 1.3 million to 9.2 million.

Richard M. Sherman
Associate Director
Research, Development & Education
Laventhol & Horwath
Philadelphia

From the Philippines

A total of 859,396 overseas visitors arrived in the Philippines in 1978 compared with 730,123 in 1977; inbound tourist traffic increased by 17.7 percent in 1978, according to the Ministry of Tourism.

Estimated foreign exchange earnings from tourist receipts totaled US $355.27 million, based on average daily expenditures of $49 per person on an average length of stay of 8.1 days.

Japan was the largest source of visitor arrivals, totaling 226,624, followed by overseas Filipinos (129,188), Americans (121,521), Chinese nationals (68,200), Western Europeans (151,524) and ASEAN (Association of South East Asian Nations) visitors (58,041).

During 1979, the Ministry of Tourism expects to pursue the development of three secondary destinations outside metropolitan Manila: Northern Luzon, embracing Baguio; Mountain Province and the Ilocos Provinces; Cebu City and surrounding environs in the Visayas and Zamboanga City and surrounding environs in Mindanao. These efforts are part of a five-year development program designed to redirect the flow of tourists from metropolitan Manila to secondary destinations in the provinces.

The ministry also expects to speed up the opening of new resorts in the Manila area to attract more Europeans and Japanese.

Edwin R. Mihm
Senior Principal
Laventhol & Horwath
San Francisco

PACIFIC REGION

Visitor Arrivals in Each PATA Region, 1968–1978

PATA Region	1968* Visitor Arrivals	1968* Percent of Total	1978 Visitor Arrivals	1978 Percent of Total	Annual Growth Rate 1968–1978
East Asia	1,785,317	37.5%	6,008,339	32.4%	12.9%
South Asia	241,301	5.1	1,438,297	7.7	19.5
Southeast Asia	883,596	18.5	5,536,880	29.9	20.1
Australia & New Zealand	456,859	9.6	1,040,206	5.6	8.6
South and Central Pacific	187,594	3.9	850,873	4.6	16.3
Hawaii	1,209,417	25.4	3,670,000	19.8	11.7
Total	4,764,084	100.0%	18,544,595	100.0%	14.6%

**Source for 1968 data: PATA 4th Annual Statistical Report, 1969. South Asia totals for 1968 exclude Pakistan and Bangladesh. Southeast Asia totals for 1968 include Cambodia and Vietnam.*

The Worldwide Lodging Industry Report

by

John D. Lesure
Research, Development and Education Division
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Introduction

The ninth edition of *Worldwide Lodging Industry* is significantly different from previous editions. For the first time the information obtained from contributing hotels included the detailed breakdown of departmental revenue and expenses permitting the expansion of the analyses contained in the report. In addition to the information for the 13 regions and nine subregions covered in previous studies, this year's report contains amounts and ratios for eight separate categories plus the breakdown by international ratings, luxury and first class. Also, medians and quartiles are shown for most amounts and ratios, in addition to the arithmetic means used in selected schedules. The medians and quartiles enable the analyst to make comparisons with a range of data.

Breakdowns of operating results include age, size (number of rooms), average rate, occupancy, location, management, type of patronage, volume of food and beverage sales in relation to room sales, and a special analysis of those hotels reporting net income and those reporting losses. The terminology used and the account titles are based on the seventh revised edition of the *Uniform System of Accounts for Hotels*. An explanation of the terms and bases used is given in the Appendix 2 (page 103).

All amounts in the report are in 1978 U.S. dollars converted at a rate that is the average of the rates for the four quarters of 1978, according to the International Monetary Fund. Dollar amounts are shown on a per-available-room basis to eliminate

differences due to the size of the hotels. Ratios to total sales and to room sales are used, wherever appropriate. Except where noted, all amounts and ratios are medians and quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since all hotels did not report data for each line. Comparisons can be made line by line with the information in the reader's report. The amounts and ratios should not be considered standards for any type of property or for any country or region, but only guidelines for comparison with the operating results of a specific property. They are not an attempt by either Laventhol & Horwath or Horwath & Horwath International to set or conform prices or operating ratios for the industry.

Market data

In 1978, the percentage of total guests from domestic sources declined 12 percent when compared with the corresponding ratio a year ago, reversing the trend of the past four years. Although the percentage of guests traveling for business purposes dropped from a year ago, it was considerably higher than during the 1974-1976 period, while guests traveling purely for pleasure also declined from last year, and significantly below the levels of the previous three years. In 1978, the ratio of guests traveling for "other" purposes, primarily family business such as visiting relatives and friends, was up sharply from 1977 and more comparable to the ratios of the 1974-1976 period. The five-year comparison is shown in Exhibit 1.

Exhibit 1
Market Data*
Five-Year Trend—All Hotels

	1978	1977	1976	1975	1974
Source of Business					
Domestic	37.4%	42.5%	37.7%	31.6%	31.2%
Foreign	62.6	57.5	62.5	68.4	68.8
Percentage of Repeat Business	35.7%	37.4%	36.7%	25.3%	28.2%
Composition of Market					
Government Officials	5.5%	5.7%	5.6%	5.1%	5.0%
Businessmen	40.2	42.0	31.7	31.6	33.6
Tourists	33.5	35.9	41.7	42.4	39.5
Conference Participants	10.7	12.6	10.8	9.4	11.0
Other	10.1	3.8	10.2	11.5	10.9
Percentage of Advance Reservations	80.8%	80.6%	81.2%	79.5%	81.4%
Composition of Advance Reservations					
Direct	29.9%	35.5%	30.7%	27.8%	28.3%
Reservation Systems	24.9	23.2	22.4	31.1	20.9
Travel Agents & Tour Operators	32.3	30.5	34.7	33.2	43.1
Other	12.9	10.8	12.2	7.9	7.7
Ratio of Travel Agent Commissions to Room Sales	2.2%	1.6%	2.4%	2.8%	3.2%

*Based on arithmetic mean.
**1974-1977 ratios exclude the U.S.

The source of business and composition of the market are shown for the regions in Exhibit 2. Compared with last year, domestic travel was a smaller percentage of the total in all regions except

Exhibit 2
Market Data

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Source of Business						
Domestic	37.4%	28.0%	23.1%	42.9%	20.8%	8.7%
Foreign	62.6	72.0	76.9	57.1	79.2	91.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	35.7%	35.3%	35.6%	24.8%	26.3%	33.5%
Composition of Market						
Government Officials	5.5%	13.3%	5.2%	1.0%	1.6%	5.3%
Businessmen	40.2	51.4	37.1	42.5	13.0	65.3
Tourists	33.5	15.3	39.0	32.5	73.2	18.6
Conference Participants	10.7	7.5	5.3	13.0	8.8	5.1
Other	10.1	12.5	13.4	11.0	3.4	5.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	80.8%	83.0%	73.2%	82.3%	82.2%	59.4%
Composition of Advance Reservations						
Direct	29.9%	28.8%	12.2%	29.2%	16.0%	22.4%
Reservation Systems	24.9	30.0	28.6	13.8	32.6	33.7
Travel Agents & Tour Operators	32.3	23.1	46.1	40.2	45.3	36.5
Other	12.9	18.1	13.1	16.8	6.1	7.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Travel Agent Commissions to Room Sales*	2.2%	8%	1.7%	1.6%	6.8%	.8%

*Arithmetic mean.

Africa. Business travel increased to Africa, Asia, Central and South America, Europe and the Far East but dropped sharply in the Middle East. Tourist travel increased in Australasia and the Middle East.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
35.6%	27.9%	17.6%	18.7%	70.4%	45.2%	88.4%	53.2%
64.4	72.1	82.4	81.3	29.6	54.8	11.6	46.8
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
38.3%	30.4%	11.7%	20.7%	48.2%	34.0%	37.8%	44.5%
2.7%	2.0%	3.4%	10.9%	9.6%	4.4%	2.5%	4.8%
47.4	46.1	18.5	30.8	42.3	21.9	21.5	54.1
27.0	40.3	70.4	38.6	21.6	55.8	19.6	24.1
10.8	2.7	3.0	9.4	17.1	10.7	44.8	11.6
12.1	8.9	4.7	10.3	9.4	7.2	11.6	5.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
87.1%	90.9%	88.3%	78.0%	76.9%	68.8%	87.5%	77.9%
42.8%	29.4%	10.8%	21.1%	35.4%	23.0%	25.3%	35.7%
18.7	18.0	26.7	30.9	24.0	25.3	41.3	29.6
27.0	38.1	55.0	34.6	25.1	38.2	16.2	24.2
11.5	14.5	7.5	13.4	15.5	13.5	17.2	10.5
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1.6%	2.6%	8.1%	1.0%	1.0%	4.3%	1.0%	1.6%

The nationality of guests by region is shown in Exhibit 3. In 1978, the French rose to second place from seventh in 1977 and the British dropped to seventh. The Scandinavians fell to 16th place in 1978 from fifth in 1977, while the Mexicans rose to eighth place from a 15th place tie with Central America in 1977. Data from hotels in the United States, obtained for this study for the first time, shows that travel is heavily dominated by U.S. citizens and visitors from neighboring Canada and Mexico. The table can also be used as a guide to the destinations preferred by the citizens of the countries listed. For example, the French seem to enjoy traveling to Africa, while the Australasians are most likely to visit Hawaii, the Pacific Islands and Asia.

Profile of the contributors

The age, size and other characteristics, operating results and major changes in revenue, occupancy and income are summarized and illustrated in Exhibits 4 and 5 and the charts on pages 30 and 31.

Exhibit 3
Nationality of Guests—1978

	Rank		All Hotels	Africa	Asia*	Australasia*	Caribbean*
	1978	1977					
U.S.A.	1	1	23.8%	9.4%	11.9%	20.2%	64.6%
French	2	7	10.0	31.1	5.8	1.4	12.4
Canadian	3	4	9.4	2.5	1.7	1.6	8.3
German	4	3	9.1	8.0	9.7	1.6	3.3
Other European	5	6	6.5	10.0	8.5	1.8	1.8
Japanese	6	8	5.9	2.0	10.4	6.4	.5
British	7	2	5.8	5.5	7.5	1.4	3.4
Mexican	8	15T	5.5	.2	.4	.2	.6
Other Asian	9	9	4.6	1.3	19.5	2.8	.3
South American	10	13	3.7	1.3	1.3	.2	1.6
Australasian	11	10	3.6	.5	8.5	60.4	—
Mideastern	12	11	3.1	3.4	4.5	.2	—
Italian	13	12	2.5	4.1	4.0	.4	1.5
Other African	14	14	2.1	14.3	2.5	.8	.1
Central American	15	15T	1.8	.6	.9	.4	1.1
Scandinavian	16	5	1.7	1.1	2.4	.4	.6
North African	17	16	.9	4.7	.4	—	—

T — Tie
*Does not add to 100% due to rounding.

Exhibit 4
General Profile of Typical Contributor Based on Various Measures of Central Tendency

Criteria	Category of Typical Contributor
Age	Built between 1960 and 1969
Size	150–299 rooms
Occupancy	70–79%
Average Rate	$25–$34.99
Sales Volume	Between $4 million and $6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	Luxury
Management	Chain affiliated; reported net income before income tax in 1978.

Exhibit 5
Highlights*

- Total revenue increased 19.9 percent on a per-room basis.
- Room occupancy rose 1.8 percent to 72.9 percent compared to 71.6 percent in 1977.
- The average daily rate per occupied room was $33.80 compared with $28.59 in 1977, an increase of 18.2 percent.
- Payroll and related expenses per room rose 19.4 percent from $4,907 to $5,861.
- Income before income taxes increased over 24 percent on a per room basis, largely because of inflation. The ratio to total sales remained constant at 7.9 percent.

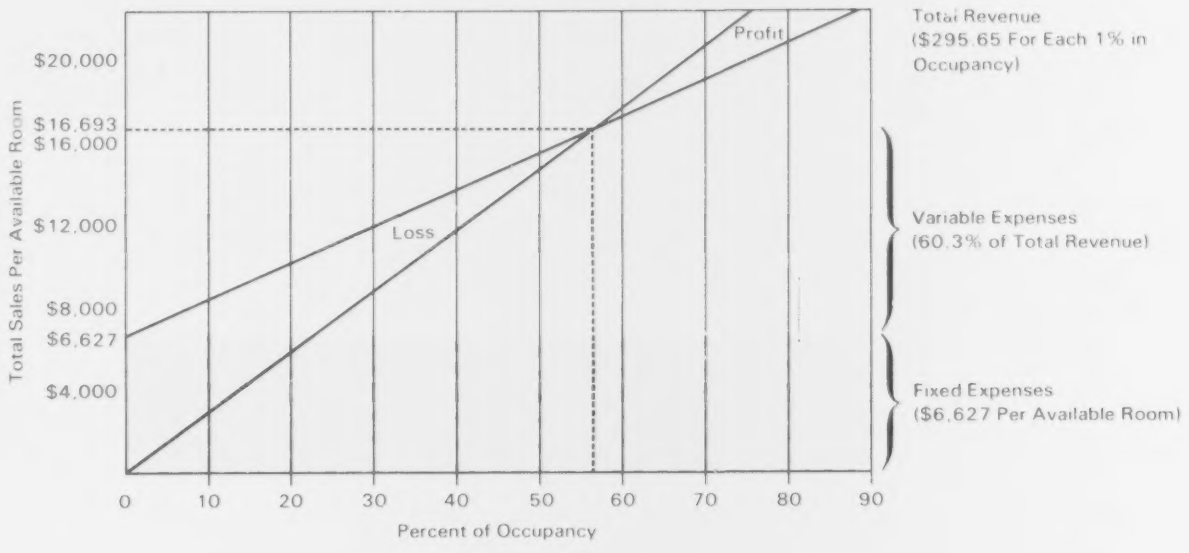
*Based on medians.

					North America			
Central America*	Europe*	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America*
36.7%	16.4%	19.6%	35.6%	23.7%	27.5%	38.5%	83.7%	21.4%
2.8	16.0	2.5	2.3	10.7	.4	2.0	.5	4.3
1.5	2.2	1.7	1.7	3.1	64.2	6.6	6.5	6.3
1.5	20.5	3.1	2.6	7.1	.5	2.1	.8	4.3
2.0	11.2	3.1	3.6	6.9	.7	1.9	.3	4.9
2.3	3.9	31.7	24.5	3.8	1.6	1.3	1.2	1.9
2.0	9.1	4.3	2.0	18.7	1.0	.6	.7	2.9
3.8	.9	.4	.4	.2	3.0	42.0	1.3	2.1
5.2	2.1	18.9	8.0	2.5	.2	.2	.8	.5
19.3	1.4	.3	.6	.5	.1	1.8	1.0	38.2
—	1.4	8.0	15.9	.8	.1	.3	.5	.5
.3	4.2	1.3	1.0	14.9	.1	.2	.5	.7
2.3	3.4	2.9	1.0	3.4	.2	.6	.5	2.5
—	1.4	.3	.1	.6	.1	.2	—	.4
20.2	1.3	.7	.4	.1	.3	1.0	1.2	8.6
—	3.9	.8	.2	1.5	—	.6	.5	.3
—	.9	.4	.1	1.5	—	.1	—	.1

Using the various measures of central tendency, the typical contributor is identified and defined in Exhibit 4, while the highlights of the analyses of operating results are set forth in Exhibit 5. The source and distribution of the 1978 worldwide lodging industry dollar compared with the previous year are shown in Chart 2, based upon the arithmetic mean of the responses to the questionnaire. In general, the comparison shows that increased occupancy and higher room rates and menu prices more than kept pace with the higher costs of doing business. Approximately 93 percent of the increase in revenue in 1978 was due to higher prices. However, payroll and related expenses, administrative and general expenses, and property taxes and insurance each took a higher portion of the total dollar, while food and beverage cost and departmental expenses required smaller portions. Energy cost increases were also more than offset by higher prices.

Chart 1 shows the break-even point for the hotels in the study. A room occupancy of 56.5 percent was required to cover fixed expenses of $6,627 per available room and variable expenses of 60.3 percent of revenue. Most operating expenses, as well as rent, are semivariable in nature and the fixed portion of those expenses has been added to the fixed charges (property taxes, insurance, interest, depreciation and amortization) which do not vary in relation to occupancy. The result is the point at which revenue is adequate to cover all fixed and variable expenses but no provision has been made for income (profit).

Chart 1: Break-Even Point



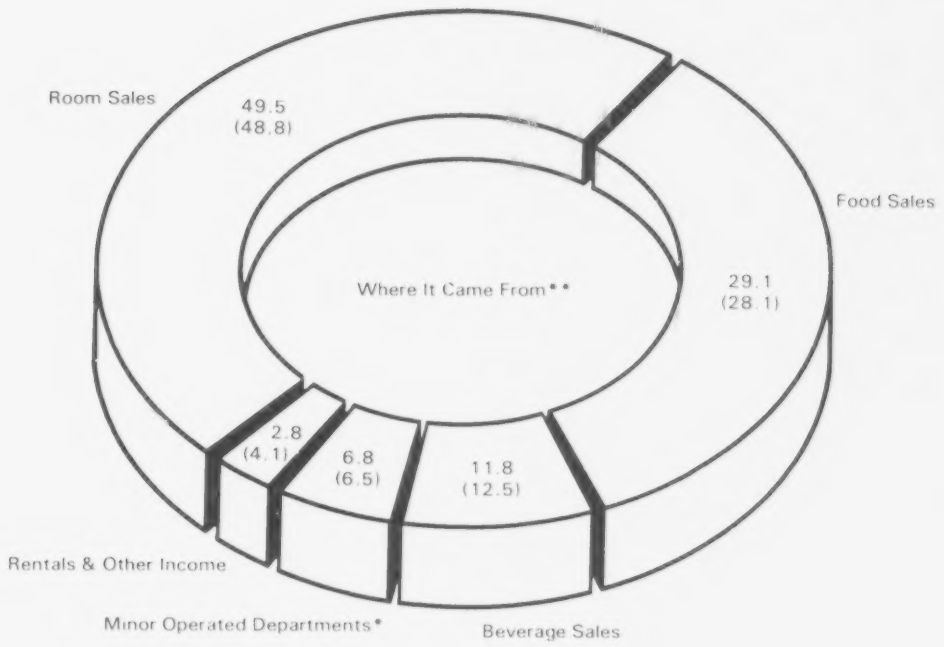
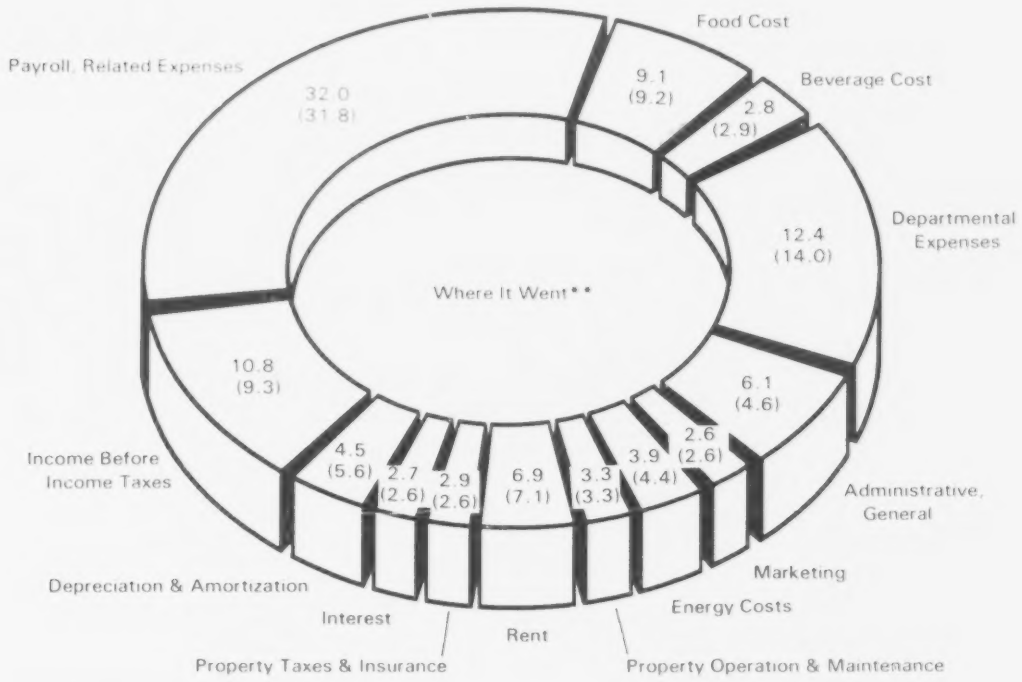


Chart 2: International Hotels
Percentage Distribution of Revenue and Expenses



*Including Telephone.
**1977 Percentages in Parentheses.

Performance measurements

Total sales per available room rose nearly 20 percent in 1978, but the increase was not uniform in all regions or in all categories. There were declines in Australasia, Central America, the Middle East and Mexico, while in some sections of Europe the increase ranged as high as 43 and 59 percent. Only two areas, Central America and Southern Europe, showed losses before income tax while, generally, the regions with a decline in sales also showed a drop in income before fixed charges. Overall, profits rose more than 24 percent, but 10 of the 22 areas reported drops in that measurement. The comparison of total sales and income is shown in Exhibit 6. Similar amounts per room are shown in Exhibit 7 for eight categories based on selected criteria such as age, size, rate and occupancy. Significant improvement in net results was shown by the older and larger hotels.

Exhibit 6
Comparison of Sales and Profitability By Region

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income* or (Loss)	
	1978	1977	1978	1977	1978	1977
Africa	$18,361	$11,999	$3795	$2484	$ 834	$ 933
North Africa	14,213	10,039	3872	2285	572	817
Rest of Africa	18,474	13,124	3795	2684	1098	1148
Asia	$15,751	$13,305	$5325	$3305	$2863	$1558
Southeast Asia	16,649	12,973	5351	2347	3903	1125
Southwest Asia	13,380	13,336	4966	4932	1806	1778
Australasia	$20,092	$22,279	$5014	$5281	$3025	$1439
Caribbean	$21,853	$18,815	$1962	$ 717	$1225	$ (150)
Central America	$11,144	$12,011	$1785	$2315	$ (186)	$1817
Europe	$20,937	$15,217	$5100	$3384	$1594	$1274
Mediterranean Islands	15,120	12,463	3399	3046	972	2028
Northern Europe	21,722	15,240	5142	3384	957	710
Scandinavia	21,239	16,263	3926	3007	1523	966
Southern Europe	21,096	13,245	2909	2358	(147)	1320
United Kingdom	20,239	15,214	6364	4893	4348	2474
Far East	$25,551	$20,373	$9637	$6595	$8031	$3402
Hawaii & Pacific Islands	$22,959	$21,510	$5686	$5189	$2786	$2022
Middle East	$17,375	$20,308	$4935	$6673	$1786	$3506
North America						
Canada	$17,017	$15,201	$3835	$3088	$ 136	$ 200
Mexico	$12,945	$13,114	$3697	$3828	$1166	$ 763
United States	$16,702	$14,264	$3900	$3375	$ 869	$ 997
South America	$18,905	$14,162	$5515	$4142	$ 906	$1127
Median, All Hotels	$18,222	$15,201	$4492	$3658	$1489	$1198

*Before Income Tax.
All figures are medians.

Exhibit 7
Comparison of Sales and Profitability
By Selected Criteria

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income*	
	1978	1977	1978	1977	1978	1977
Age						
Built Pre-1940	$18,990	$16,481	$4083	$3582	$1806	$1222
1940-1959	17,143	13,900	3347	3086	768	1317
1960-1969	20,013	15,280	5495	3813	1975	1328
1970s	17,531	15,017	4355	3792	1394	964
Size						
Under 150 Rooms	$16,931	$14,197	$2976	$2663	$ 667	$ 775
150-299	17,296	14,290	3941	3398	1321	1326
300-600	19,759	15,447	5377	4185	1856	1319
Over 600	18,548	16,731	5590	4840	1953	1047
Rate*						
Under $25	$10,805	NA	$2305	NA	$ 575	NA
$25-$34.99	15,718	NA	3877	NA	1064	NA
$35-$49.99	22,105	NA	5819	NA	1927	NA
Over $50	33,132	NA	9465	NA	4342	NA
Occupancy						
Under 50%	$ 9,819	NA	$ 560	NA	$ (696)	NA
50-59%	13,063	NA	1941	NA	209	NA
60-69%	16,841	NA	3438	NA	793	NA
70-79%	18,796	NA	4987	NA	1553	NA
80% and Over	23,119	NA	6777	NA	3226	NA
Location						
City	$18,317	$15,196	$4495	$3747	$1499	$1151
Resort	17,519	15,255	4362	3245	1450	1013
Market						
Predominantly Tourist	$15,367	$14,736	$3700	$3375	$1175	$1019
Other	20,007	15,276	4651	3820	2741	1222
Rating						
Luxury	$19,765	$15,753	$4918	$3974	$1450	$1124
First Class	15,391	13,089	4088	3233	1521	1235
Food & Beverage Sales						
Ratio to Room Sales						
Under 50%	$14,539	NA	$4713	NA	$1238	NA
50-74%	18,455	NA	5488	NA	2008	NA
75-99%	18,875	NA	4389	NA	1248	NA
100% and Over	19,371	NA	4242	NA	1428	NA
Median All Establishments	$18,222	$15,201	$4492	$3658	$1489	$1198

*In $U.S.
NA – Not Available.

The ratio of income before fixed charges to room sales and total sales, and the number of times the average room rate was earned are commonly referred to as the major yardsticks for measuring operating efficiency. Those ratios for the various regions and categories are presented in Exhibits 8 and 9. There were declines in operating efficiency in the hotels in one-half of the regions covered during 1978, and the medians for all of the hotels showed slightly poorer results than in 1977.

The most common measurement of management performance is the return on sales or ratio of net

Exhibit 8
General Statistics—By Region

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1978	1977	1978	1977	1978	1977	Increase (Decrease)
Africa	44.3%	49.1%	20.5%	21.4%	113	112	.9%
North Africa	54.9	71.6	24.2	26.6	120	175	(31.4)
Rest of Africa	38.8	42.3	20.3	20.2	94	101	(6.9)
Asia	74.7%	65.4%	33.7%	32.3%	206	181	13.8%
Southeast Asia	79.0	57.7	32.6	23.8	214	142	50.7
Southwest Asia	69.3	68.2	36.2	36.3	170	181	(6.1)
Australasia	61.6%	61.7%	25.3%	25.6%	168	156	7.7%
Caribbean	26.0%	28.7%	10.6%	9.8%	53	65	(18.5)%
Central America	31.9%	37.5%	16.5%	19.3%	81	92	(12.0)%
Europe	50.2%	53.1%	24.7%	23.5%	130	126	3.2%
Mediterranean Islands	38.5	58.0	18.4	26.4	113	172	(34.3)
Northern Europe	48.6	46.1	24.9	24.1	122	120	1.7
Scandinavia	52.9	55.4	17.6	20.0	130	116	12.1
Southern Europe	36.6	37.9	18.2	15.8	92	96	(4.2)
United Kingdom	55.5	65.0	30.1	32.2	146	184	(20.7)
Far East	81.1%	76.3%	37.0%	34.0%	247	243	1.6%
Hawaii & Pacific Islands	53.3%	54.9%	27.9%	29.9%	166	162	2.5%
Middle East	54.8%	83.3%	29.1%	35.7%	161	215	(25.1)%
North America							
Canada	43.8%	49.6%	21.0%	23.2%	109	116	(6.0)%
Mexico	57.3%	60.5%	28.7%	29.7%	160	156	2.6%
United States	44.4%	46.0%	24.9%	25.1%	111	110	.9%
South America	51.5%	57.5%	24.8%	29.5%	147	156	(5.8)%
Median, All Hotels	50.0%	51.9%	25.0%	25.4%	132	133	(.8)%

Exhibit 9
General Statistics—By Selected Criteria

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1978	1977	1978	1977	1978	1977	Increase (Decrease)
Age							
Built Pre-1940	42.1%	43.6%	22.0%	22.3%	109	103	5.8%
1940-1959	38.5	47.2	19.5	22.7	99	116	(14.7)
1960-1969	56.6	55.3	29.0	26.0	158	138	14.5
1970s	51.8	53.8	25.4	26.8	134	138	(2.9)
Size							
Under 150 Rooms	43.5%	50.7%	20.9%	20.6%	116	110	5.5%
150-299	48.6	51.0	24.2	25.2	124	127	(2.4)
300-600	52.8	54.0	27.5	27.1	151	139	8.6
Over 600	55.9	50.6	28.2	26.7	149	138	8.0
Rate*							
Under $25	46.8%	NA	21.3%	NA	116	NA	
$25-$34.99	50.4	NA	24.7	NA	130	NA	
$35-$49.99	49.6	NA	26.1	NA	139	NA	
Over $50	59.0	NA	28.4	NA	151	NA	
Occupancy							
Under 50%	12.9%	NA	6.6%	NA	18	NA	
50-59%	33.4	NA	17.5	NA	69	NA	
60-69%	45.1	NA	21.3	NA	109	NA	
70-79%	50.6	NA	25.2	NA	139	NA	
80% & Over	61.7	NA	30.9	NA	196	NA	
Location							
City	50.4%	52.2%	25.2%	25.8%	132	134	(1.5)%
Resort	48.5	46.5	24.7	21.0	137	119	15.1
Market							
Predominantly Tourist	49.5%	48.6%	24.8%	24.2%	129	119	8.4%
Other	50.3	54.8	24.7	25.9	131	136	(3.7)
Rating							
Luxury	49.2%	53.4%	24.8%	25.3%	130	138	(5.8)
First Class	53.1	50.2	26.0	25.6	138	121	14.0
Food & Beverage Sales							
Ratio to Room Sales							
Under 50%	44.8%	NA	29.1%	NA	119	NA	
50-74%	50.3	NA	29.3	NA	145	NA	
75-99%	50.6	NA	24.8	NA	133	NA	
100% & Over	54.8	NA	20.7	NA	132	NA	
Median, All Establishments	50.0%	51.9%	25.0%	25.4%	132	133	(.8)

*In $U.S.
NA = Not Available.

Exhibit 10
Net Income Differential*

	Hotels Reporting		Net Income Hotels Higher or (Lower) By
	Net Income	Net Loss	
Occupancy	77.2%	61.3%	25.9%
Double Occupancy	40.9	38.0	7.6
Average Rate	$34.34	$28.30	21.3
Amount Per Available Room			
Sales			
Rooms	$ 9587	$ 5994	59.9
Food	5234	3441	52.1
Beverage	2305	1635	41.0
Other	1465	853	71.7
Total Sales	19,412	12,294	57.9
Payroll & Related Expenses	5960	5113	16.6
Undistributed Expenses (Excluding Payroll)			
Administrative & General	1054	816	29.2
Marketing	500	437	14.4
Energy Costs	694	655	6.0
Property Operation & Maintenance	613	414	48.1
Income Before Fixed Charges	5265	1900	177.1
Fixed Charges	2458	2989	(17.8)
Net Income (Loss) Before Income Tax	$ 2025	$ (863)	334.6
Number of Times Rate Was Earned	150	64	134.4
Net Cost of Operation Per Dollar of Average Room Rate	$ 126	$ 145	(13.1)
Ratio of Income Before Fixed Charges To:			
Room Sales	54.8%	32.1%	70.7
Total Sales	27.8	15.0	85.3
Cost of Food Sales (After Credit For Employee Meals)	34.4¢	36.6¢	(6.0)
Cost of Beverage Sales	23.1¢	24.8¢	(6.9)
Departmental Income—Ratio to Room Sales	19.6%	13.9%	41.0
Productivity Index			
Food & Beverage	2828	2405	17.6
Total	3274	2515	30.2
Balance Sheet Ratios			
Current Position	$ 1.18	$ .73	61.6
Accounts Receivable—Ratio to Total Sales	7.2%	6.4%	12.5
Food Inventory Turnover	16.0	20.3	(21.2)
Beverage Inventory Turnover	4.6	5.3	(13.2)
Ratio of Total Sales to Total Assets	167.8%	72.5%	131.5
Ratio of Net Income Before Income Taxes to Total Sales	11.0%	(7.8)%	241.0
Return on Total Assets	18.3%	(6.1)%	400.0

*Before income taxes.
All Figures are Medians.

income to total revenue. Exhibit 10 shows a comparison of selected amounts per room and ratios for hotels reporting profits and those showing losses. Although it is apparent that a higher average daily rate and higher occupancy contributed greatly to the better results in the profitable hotels, there are several indications of greater efficiency. For example, total revenue was nearly 58 percent higher in hotels reporting net income, but payroll and related expenses were only 17 percent greater. The productivity index measures that relationship and shows a positive variance of more than 30 percent in the profitable operations. Also, marketing expenses and energy costs show

Exhibit 11
Return on Total Assets—By Region

	Turnover*
Africa	$1.03
Asia	.90
Australasia	2.44
Caribbean	2.27
Central America	.52
Europe	.92
Far East	.89
Hawaii & Pacific Islands	1.64
Middle East	2.47
North America	
Canada	1.09
Mexico	1.07
United States	1.32
South America	.91
Mean, All Hotels	$1.11

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Turnover times earnings ratio. All figures are computed.
All figures are arithmetic means of those supplying data.

much greater efficiency in the net income group.

Exhibits 11 and 12 show the extent to which management of the hotels in the various regions and groups used available resources to generate revenue, and then retained a portion of it for company objectives. Turnover measures the total sales per dollar of total assets, and the earnings ratio is the return on sales before income taxes. The combination of those measurements, return on total assets, is frequently used to gauge management performance. The figures are shown for those hotels in each region or group that provided us with data on total assets.

Exhibit 12
Return on Total Assets—By Selected Criteria

	Turnover*	Earnings Ratio**	Rate of Return or (Loss)***
Age			
Built Pre-1940	$1.15	11.3%	13.0%
1940-1959	.98	8.1	7.9
1960-1969	1.31	14.6	19.1
1970s	1.01	10.5	10.6
Size			
Under 150 Rooms	1.77	6.3	11.2
150-299	1.10	11.2	12.3
300-600	1.24	13.0	16.1
Over 600	1.21	11.5	13.9
Rate			
Under $25	.77	5.3	4.1
$25-$34.99	1.05	9.0	9.4
$35-$49.99	1.45	10.5	15.2
Over $50	.99	15 5	15.3
Property			
Wholly Owned	.77	14.1	10.9
Land Only Leased	.99	9.5	9.4
Land & Building Leased	.95	5.4	5.1
Food & Beverage Sales			
Ratio To Room Sales			
Under 50%	1.35	12.8	17.3
50-74%	1.44	13.8	19.9
75-99%	1.10	9.7	10.7
100% & Over	.83	11.0	9.1
Mean, All Establishments	$1.11	11.8%	13.1%

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Net income before income tax divided by total assets.
All figures are the arithmetic mean of those supplying data.

Earnings Ratio**	Rate of Return or (Loss)***
5.3%	5.5%
27.3	24.6
8.3	20.3
1.2	2.7
(6.8)	(3.5)
11.1	10.2
18.6	16.6
10.4	17.1
19.9	49.2
(2.3)	(2.5)
15.4	16.5
9.0	11.9
12.6	11.5
11.8%	13.1%

Exhibit 13
Return on Investment—By Region

	Return On Invested Capital*	Return On Equity**
Africa	6.9%	18.3%
Asia	•••	•••
Australasia	•••	•••
Caribbean	•••	•••
Central America	•••	•••
Europe	16.3	17.2
Far East	18.6	20.9
Hawaii & Pacific Islands	17.2	31.2
Middle East	•••	•••
North America		
Canada	10.0	29.7
Mexico	21.8	22.3
United States	13.5	16.3
South America	19.3	26.6
Median, All Hotels	19.0%	23.7%

*Ratio of net income after income tax, but before interest, to total interest-bearing debt and equity.
**Ratio of net income after income taxes to stockholders' equity.
***Insufficient data.

Exhibit 13 shows the return on invested capital (interest-bearing debt plus equity) and return on stockholders' equity for those regions in which the hotels supplied sufficient data.

A comparison of various performance measurements for hotels with different types of management is shown in Exhibit 14. In general, those affiliated with the chains showed a higher level of operating efficiency although variations in room rate and percentage of occupancy were not excessive.

Exhibit 14
Independent and Chain Affiliated

	Independent	Chain-Affiliated	Independent Differs By
Occupancy	70.8%	72.9%	(2.9)%
Double Occupancy	48.5%	38.1%	27.3
Average Rate	$ 30.91	$ 33.99	(9.1)
Amount Per Available Room			
Sales			
Rooms	$ 7971	$ 9033	(11.8)
Food	5922	4973	19.1
Beverage	2299	2216	3.7
Other	1399	1163	20.3
Total Sales	$17605	$18236	(3.5)
Payroll & Related Expenses	6502	5777	12.5
Undistributed Expenses (Excluding Payroll)			
Administrating & General	817	1000	(18.3)
Marketing	427	489	(12.7)
Energy Costs	669	707	(5.4)
Property Operation & Maintenance	553	575	(3.8)
Income Before Fixed Charges	3466	4612	(24.8)
Fixed Charges	3188	2591	23.0
Net Income (Loss) Before Income Tax	$ 1120	$ 1511	(25.9)
Number of Times Rate Was Earned	100	133	(24.8)
Net Cost of Operation Per Dollar of Average Room Rate	146	130	12.3
Ratio of Income Before Fixed Charges To:			
Room Sales	41.6%	50.7%	(17.9)
Total Sales	18.5	26.1	(29.1)
Cost of Food Sales (After Credit For Employees Meals)	35.8¢	34.6¢	3.5
Cost of Beverage Sales	26.3	23.4¢	12.4
Departmental Income—Ratio to Room Sales	23.1%	18.7%	23.5
Productivity Index			
Food & Beverage	2518	2755	(8.6)
Total	2623	3038	(13.7)
Balance Sheet Ratios			
Current Position	$ .94	$ 1.14	(17.5)
Accounts Receivable Ratio to Total Sales	9.2%	7.2%	27.8
Food Inventory Turnover	19.3	21.2	(9.0)
Beverage Inventory Turnover	5.9	4.8	22.9
Ratio of Total Sales to Total Assets	73.7%	144.9%	(49.1)
Ratio of Net Income Before Income Taxes to Total Sales	4.9%	8.2%	(40.2)
Return on Total Assets	4.3%	13.6%	(68.4)

All figures are medians.

Analysis of sales

Exhibits 15 and 16 display the composition of sales in the regions and in the various categories. Guest room rentals are the predominant source of revenue in most regions except Asia and the Far East where hotels have traditionally been the local residents' favorite places for dining out. In the analysis by category, other than those in which the food and

Exhibit 15
Composition of Sales—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Rooms	49.5%	47.8%	37.9%	41.4%	41.4%	46.0%
Food	29.1	27.2	26.7	32.7	26.5	28.4
Beverage	11.8	13.8	10.4	18.1	10.7	15.2
Telephone	3.0	4.5	4.2	3.6	1.8	6.5
Minor Operated Departments	3.8	4.9	17.2	3.2	17.4	.7
Rentals & Other Income	2.8	1.8	3.6	1.0	2.7	3.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 16
Composition of Sales*—By Selected Criteria

	Age				Size			
	Built Pre-1940	1940-1959	1960-1969	1970's	Under 150 Rooms	150-299 Rooms	300-600 Rooms	Over 600 Rooms
Rooms	49.7%	50.5%	48.6%	50.1%	42.9%	49.8%	48.8%	50.9%
Food	28.1	29.6	31.1	27.3	33.2	29.5	28.4	29.3
Beverage	10.5	11.3	11.9	12.6	18.0	12.8	12.2	10.6
Telephone	3.1	3.0	3.4	3.6	2.3	3.9	3.5	2.9
Minor Operated Departments	4.2	2.3	2.8	4.0	1.9	2.1	4.6	2.9
Rentals & Other Income	4.4	3.3	2.2	2.4	1.7	1.9	2.5	3.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.
**Before income tax.

beverage volume is the basis of comparison, there is little variation in the composition of sales. The smaller properties, those in the city and those with predominantly tourist clientele, have somewhat higher restaurant sales. Also, higher telephone sales frequently indicate a higher proportion of commercial travelers as do higher beverage sales. The revenue from minor operated departments also varies by

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
51.9%	36.4%	54.2%	49.3%	46.7%	49.4%	56.5%	50.7%
27.4	40.4	30.1	30.2	30.9	29.1	26.2	25.7
12.7	10.6	9.6	10.7	17.5	14.9	10.2	12.5
4.5	3.1	4.0	4.6	2.4	3.0	2.8	4.4
1.9	3.9	.7	1.6	.6	1.6	2.0	3.7
1.6	5.6	1.4	3.6	1.9	2.0	2.3	3.0
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Location		Market		Rating		Restaurant Operated Total Food & Beverage Sales Ratio to Room Sales				Hotels Reporting	
City	Resort	Predominantly Tourist	Other	Luxury	First Class	Under 50%	50-74%	75-99%	100% and Over	Net Income**	Net Loss
49.8%	48.3%	47.4%	47.2%	50.0%	48.4%	65.2%	55.2%	48.0%	36.2%	49.5%	50.7%
29.0	27.9	30.5	30.6	28.2	31.0	19.3	25.7	29.3	37.2	28.9	28.8
12.2	10.4	11.5	13.4	11.7	12.4	7.3	10.6	12.9	14.8	11.6	13.0
3.7	2.0	2.4	4.3	3.5	3.5	4.1	3.6	3.6	2.8	3.5	3.3
2.7	7.7	5.0	2.5	3.7	2.3	2.0	2.0	4.1	5.3	3.5	2.3
2.6	3.7	3.2	2.0	2.9	2.4	2.1	2.9	2.1	3.7	3.0	1.9
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

type of clientele; the resort properties with their range of recreation facilities and the tourist hotels that frequently have many shops and other services show higher ratios from minor sources, rentals and

Exhibit 17
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Sales—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean
Telephone					
Sales	$520	$739	$738	$ 576	$ 404
Cost of Sales					
Cost of Calls	425	588	509	464	353
Equipment Rental	82	44	83	129	189
Total	492	606	621	599	500
Payroll & Related Expenses	116	76	49	181	120
All Other Expenses	4	3	4	5	3
Total Cost & Expenses	601	708	712	807	623
Net Departmental Income or (Loss)	$ (36)	$ 37	$ 7	$(185)	$(256)
Ratio to Total Sales					
Sales	3.1%	4.0%	4.6%	3.1%	1.9%
Cost of Sales	2.9	3.2	4.1	2.9	2.1
Payroll & Related Expenses	.7	.4	.3	.8	.6
Minor Operated Departments					
Sales	$325	$466	$440	$ 464	$ 358
Cost of Sales	84	112	69	225	58
Payroll & Related Expenses	107	94	66	120	171
Other Expenses	22	72	21	26	359
Total Costs & Expenses	195	286	197	242	384
Net Departmental Income	$ 77	$268	$226	$ 128	$ 20
Ratio to Total Sales					
Sales	1.9%	2.7%	2.5%	2.2%	2.6%
Cost of Sales	.4	.5	.5	1.2	.3
Payroll & Related Expenses	.5	.7	.5	.5	1.0
Rentals & Other Income					
Space Rentals	$123	$134	$251	$ 74	$ 106
Concessions	51	82	102	134	184
Commissions	23	79	14	27	37
Other	122	152	210	101	287
Total Rentals & Other Income	$336	$327	$456	$ 125	$ 566
Ratio to Total Sales	1.6%	1.7%	2.8%	.7%	2.6%

other income. The detail of those departmental operations is shown in Exhibit 17.

The average length of stay is an important yardstick and promotional efforts are frequently aimed at

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
$746	$840	$ 896	$ 291	$703	$ 364	$280	$ 473	$813
613	567	849	214	365	265	249	394	673
78	58	74	82	41	168	33	105	49
691	581	905	302	394	394	63	496	654
96	182	77	146	117	117	76	130	114
6	5	5	4	4	5	5	3	7
696	759	946	500	532	492	188	628	794
$ 11	$112	$ (20)	$(173)	$ 43	$(117)	$ 23	$(158)	$ (8)
6.6%	4.5%	3.3%	1.1%	3.9%	2.4%	1.7%	2.8%	4.4%
5.6	3.1	3.2	1.4	2.5	2.6	.4	3.0	3.6
.9	.7	.4	.6	.7	.7	.6	.7	.7
$217	$310	$1033	$ 115	$361	$ 130	$117	$ 196	$542
45	109	373	45	92	44	63	46	96
—	117	134	88	78	97	131	88	180
3	12	56	7	20	7	66	17	37
48	175	542	122	198	165	73	143	298
$103	$ 42	$ 467	$ 18	$178	$ 12	$ 65	$ 23	$224
3.8%	1.5%	4.2%	.5%	2.2%	.8%	.9%	1.4%	2.7%
.8	.5	.9	.2	4	3	4	3	.6
—	.5	.5	.4	.6	.5	.7	.5	.8
$ 86	$108	$ 713	$594	$139	$ 89	$106	$ 98	$221
258	129	94	55	174	96	40	21	24
336	40	55	93	20	19	43	33	6
33	170	249	87	71	71	247	53	165
$321	$327	$ 794	$988	$378	$ 182	$389	$ 211	$387
1.9%	1.4%	2.8%	3.0%	1.6%	1.1%	3.0%	1.2%	2.3%

increasing it. However, it is much more important to have the services properly priced and efficiently provided. As shown by Exhibit 18, hotels reporting net income had a slightly shorter length of stay than those reporting losses. However, the profitable hotels received nearly 18 percent more revenue per guest stay although their operating costs were virtually the same. Hotels located in resort areas had an average stay nearly 29 percent greater than those in city locations, but revenue per stay was only 5 percent higher. However, the prices charged for facilities and services were apparently in line with operating expenses in both locations since the operating margins showed only a slight variation, 29 percent in the resorts versus 28 percent in the city locations.

The length of stay in hotels with predominantly tourist clientele was nearly the same for the "other" group. Much lower prices and higher double occupancy, however, combined to produce sales per guest day that were 38 percent lower. Operating expenses were also less in the tourist hotels so that again the margin was nearly the same in both types.

Exhibit 18
Sales Per Average Guest Stay*

	Hotels Reporting		By Location		By Clientele	
	Net Income	Net Loss	City	Resort	Predominantly Tourist	Other
Rooms	$ 58.82	$ 51.30	$ 58.29	$ 59.21	$ 42.42	$ 67.50
Food	34.59	28.93	34.24	34.39	27.49	44.14
Beverage	13.83	13.24	14.35	12.84	10.49	19.40
Telephone	3.82	2.96	4.05	2.23	2.00	5.96
Minor Departments	4.06	2.37	2.82	9.27	4.26	3.45
Rentals & Other Income	3.43	1.74	2.83	4.37	2.86	2.87
Total Sales	$118.55	$100.54	$116.58	$122.31	$ 89.52	$143.32
Operating Expenses	$ 83.01	$ 84.40	$ 84.04	$ 86.73	$ 65.04	$103.81
Average Stay (Days)	2.09	2.20	2.01	2.59	2.16	2.15

*Based on arithmetic mean.

Occupancy and average rate

The medians of room occupancy, number of guests per room, average daily rate per room and per guest, and average length of stay are shown in Exhibit 19 for the various regions and subregions,

Exhibit 19
Occupancy, Double Occupancy, Room Rates and Length of Stay—By Region

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977
Africa										
North Africa	68.1%	65.4%	1.31	1.29	$23.86	$16.89	$13.63	$10.39	2.6	3.1
Rest of Africa	74.4	70.8	1.23	1.26	35.75	28.06	28.34	23.90	3.7	3.5
Total for Region	73.9%	68.2%	1.27	1.27	$33.63	$25.51	$26.40	$19.14	3.7	3.2
Asia										
Southeast Asia	75.7%	65.8%	1.51	1.54	$21.94	$21.58	$14.55	$13.99	2.3	2.5
Southwest Asia	69.6	79.6	1.28	1.4	30.41	28.55	20.18	18.54	2.4	2.4
Total for Region	74.2%	69.8%	1.43	1.41	$24.96	$23.42	$16.31	$17.24	2.3	2.5
Australasia	75.5%	79.0%	1.44	1.33	$32.49	$35.68	$20.10	$26.25	2.1	2.4
Caribbean	67.3%	61.5%	1.72	1.68	$40.62	$37.08	$25.13	$23.42	3.3	3.5
Central America	69.6%	70.8%	1.32	1.36	$28.18	$25.10	$17.38	$15.81	3.4	2.1
Europe										
Mediterranean Islands	80.6%	76.8%	1.69	1.65	$30.00	$22.09	$17.75	$13.30	5.9	5.9
Northern Europe	68.9	68.2	1.30	1.31	45.33	31.10	[illegible]79	26.53	1.7	2.1
Scandinavia	67.4	63.4	1.24	1.29	29.55	24.51	24.71	20.79	1.8	1.7
Southern Europe	76.1	68.9	1.40	1.75	42.27	21.96	29.44	10.95	2.5	4.1
United Kingdom	79.0	83.3	1.48	1.38	36.29	28.04	24.97	23.37	2.6	1.7
Total for Region	71.4%	70.1%	1.32	1.34	$37.60	$29.25	$29.29	$22.31	1.9	2.1
Far East	83.6%	83.6%	1.44	1.45	$38.87	$29.60	$24.72	$20.28	2.7	2.8
Hawaii & Pacific Islands	85.3%	89.2%	1.75	1.81	$42.26	$40.29	$24.73	$21.54	4.8	3.6
Middle East	71.3%	80.5%	1.41	1.26	$37.19	$35.90	$23.28	$30.29	2.8	3.2
North America										
Canada	68.8%	65.0%	1.40	1.38	$29.94	$26.32	$21.91	$20.00	2.1	1.2
Mexico	78.4%	77.1%	1.61	1.77	$25.66	$21.71	$15.53	$13.14	2.2	3.3
United States	71.6%	70.9%	1.34	1.37	$34.49	$29.61	$22.15	$22.07	2.4	*
South America	78.7%	80.2%	1.43	1.40	$33.28	$28.93	$22.71	$19.65	2.8	2.6
Median, All Hotels	72.9%	71.6%	1.39	1.38	$33.80	$28.59	$22.99	$21.49	2.4	2.5
Increase (Decrease) in 1978	1.8%		.7%		18.2%		7.0%		(4.0)	

*Insufficient data.

and for selected groups in Exhibit 20. Room occupancy increased nearly 2 percent while the average daily rate rose by more than 18 percent, the sharpest year-to-year increase we have reported in these studies.

Exhibit 20
Occupancy, Double Occupancy, Room Rates and Length of Stay—By Selected Criteria

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977
Age										
Built Pre-1940	70.8%	68.4%	1.38	1.38	$35.11	$31.81	$23.63	$24.38	2.3	2.9
1940–1959	72.0	70.9	1.49	1.38	33.55	29.51	19.96	22.13	2.2	2.4
1960–1969	76.8	72.8	1.38	1.38	34.20	28.10	24.96	21.00	2.5	2.5
1970s	72.3	71.8	1.38	1.37	33.06	27.94	22.82	21.12	2.3	2.4
Size										
Under 150 Rooms	69.4%	65.4%	1.41	1.38	$26.46	$24.22	$20.10	$17.39	1.9	1.8
150–299	70.8	68.9	1.37	1.36	32.02	27.57	22.20	20.54	2.4	2.5
300–600	76.4	74.6	1.38	1.38	36.17	30.09	25.66	22.43	2.4	2.5
Over 600	76.2	74.0	1.41	1.44	37.85	35.17	22.46	24.95	2.4	2.8
Rate*										
Under $25	67.0%	NA	1.48	NA	$21.30	NA	$14.49	NA	2.3	NA
$25–$34.99	71.0	NA	1.41	NA	30.63	NA	21.56	NA	2.1	NA
$35–$49.99	75.7	NA	1.38	NA	40.72	NA	28.44	NA	2.4	NA
Over $50	79.9	NA	1.34	NA	60.57	NA	42.42	NA	2.6	NA
Location										
City	72.8%	71.5%	1.36	1.35	$33.79	$28.58	$23.65	$22.01	2.3	2.4
Resort	74.2	72.6	1.76	1.76	33.87	30.59	20.73	18.20	3.5	3.9
Market										
Predominantly Tourist	70.4%	71.2%	1.74	1.51	$30.79	$28.20	$18.32	$19.29	3.0	2.9
Other	73.1	71.7	1.32	1.34	34.75	28.99	27.36	22.71	2.4	2.3
Rating										
Luxury	74.7%	72.3%	1.41	1.38	$37.06	$30.52	$24.79	$22.03	2.6	2.5
First Class	70.8	68.0	1.36	1.37	29.76	25.78	21.35	19.39	2.0	2.0
Food & Beverage Sales										
Ratio to Room Sales										
Under 50%	73.2%	NA	1.36	NA	$33.79	NA	$21.13	NA	2.1	NA
50–74%	77.6	NA	1.37	NA	36.93	NA	26.13	NA	2.8	NA
75–99%	75.5	NA	1.42	NA	35.81	NA	24.58	NA	2.3	NA
100% & Over	66.7	NA	1.40	NA	30.19	NA	21.11	NA	2.1	NA
Median, All Establishments	72.9%	71.6%	1.39	1.38	$33.80	$28.59	$22.99	$21.42	2.4	2.5

*In $U.S.
NA—Not Available

The sharpest increase in occupancy occurred at hotels in the Caribbean region while the largest drop was in those in the Middle East, which had major political problems in 1978. Very sharp increases in the average rate per occupied room in the European regions were at least partly due to the drop in the value of the dollar in those areas.

The smaller hotels and those built 10 to 20 years ago showed the sharpest increases in occupancy. Since the analyses by rate and food and beverage volume were not made last year, no comparisons are possible for those groups. The sharpest rate increases were in the newer and larger hotels, those in the city, and in the luxury-class properties.

Restaurant operations

To show the fluctuations in the cost of operating the food and beverage department, Exhibit 21 contains a comparison of the de-

Exhibit 21
Restaurant Operations*—By Selected Criteria

	Food & Beverage Sales Ratio to Room Sales		Room Occupancy		Hotels Reporting Income
	Under 50%	100% & Over	Under 50%	80% & Over	
Sales					
Food	70.2%	68.4%	68.1%	69.3%	69.6%
Beverage	29.8	31.6	31.9	30.7	30.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales					
Food	33.8%	35.7%	36.6%	34.3%	34.4%
Beverage	23.1	25.3	25.6	22.3	23.1
Total	30.7%	32.5%	33.5%	30.7%	31.2%
Gross Profit	69.3%	67.5%	66.5%	69.3%	68.8%
Public Room Sales	2.5	1.4	1.0	1.8	1.5
Other Income	.8	2.1	2.1	1.6	1.6
Total	71.8%	70.0%	67.5%	71.9%	71.8%
Departmental Expenses					
Payroll & Related Expenses	45.9%	33.4%	35.3%	34.0%	35.2%
China, Glassware, Silver & Linen	1.6	1.7	1.2	1.8	1.9
Contract Cleaning	.5	.4	.6	.2	.3
Kitchen Fuel	.5	.7	1.3	.5	.5
Laundry & Dry Cleaning	.9	.9	.8	.8	.8
Licenses	.2	.1	.2	.1	.1
Music & Entertainment	1.8	2.9	3.4	2.7	2.6
Operating Supplies	2.0	1.8	1.9	1.9	1.8
Other Operating Expenses	.9	1.4	1.6	1.0	1.2
Uniforms	.4	.3	.4	.4	.4
All Other Expenses	1.3	.9	1.2	1.3	1.3
Total	56.2%	44.4%	49.3%	45.7%	47.1%
Departmental Income	15.0%	27.1%	19.0%	28.0%	25.8%
Productivity Index	2.179	2.998	2.830	2.942	2.845
Covers Per Seat—Daily					
Dining Room	2.4	1.7	1.1	2.3	2.1
Banquet	.1	.2	.1	.2	.2
Average Check	$5.03	$6.35	$6.25	$5.57	$5.51

*All ratios are medians and do not necessarily add to totals shown.

partmental ratios to sales for high and low volume properties, those with low and high occupancy and those reporting net income. As a general rule, the food and beverage departmental profit must be at least 25 percent of total sales if the operation is contributing a fair share toward the overhead costs of the hotel. On that basis, departmental profits in

Exhibit 22
Food and Beverage Statistics* —By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Food Sales — By Facility						
Amount Per Available Room						
Dining Room	$3170	$3669	$2942	$6139	$4680	$2622
Room Service	417	479	458	849	348	324
Banquet	1273	801	1148	2386	907	207
Bar/Lounge	97	85	31	224	82	495
Total	$5015	$4764	$4747	$6143	$5823	$2741
Ratio to Total Food Sales						
Dining Room	65.7%	73.1%	69.5%	61.5%	81.7%	75.8%
Room Service	8.3	9.8	9.9	10.0	5.9	8.4
Banquet	24.3	16.9	19.9	31.3	19.0	12.1
Bar/Lounge	2.1	1.4	.9	2.1	1.4	7.0
Amount Per Seat						
Dining Room	$3580	$3203	$2704	$3806	$4159	$2801
Banquet	527	470	450	1125	308	715
Bar/Lounge	211	180	193	763	177	389
Total	$1449	$1526	$1427	$3051	$1813	$1084
Average Check						
Dining Room	$ 4.92	$ 6.71	$ 3.81	$ 6.42	$ 6.49	$ 6.06
Room Service	3.87	3.89	2.73	5.26	4.73	3.43
Banquet	7.71	10.69	4.53	8.07	6.71	7.65
Total	$ 5.59	$ 5.74	$ 3.96	$ 6.55	$ 6.31	$ 5.81
Covers Served Per Seat						
Dining Room	677	434	790	669	639	**
Banquet	68	46	110	130	76	**

*All figures are medians and do not necessarily add to totals shown.
**Insufficient data.

the low volume hotels and those with low occupancies are inadequate.

Exhibits 22 and 23 (pages 48–55) show the food and beverage statistics for those hotels providing the detail. Food sales per available room and per seat by restaurant are given together with the average sale per customer (average check) and number of

(Text continued on page 56)

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$3869	$4676	$5110	$3623	$2705	$2812	$2380	$2903
554	494	379	695	332	276	281	518
1254	1536	1389	1217	1450	532	1739	989
88	288	244	188	175	92	98	61
$5542	$7843	$7843	$5675	$4484	$3273	$4429	$4220
66.7%	65.2%	79.4%	65.8%	63.1%	75.9%	56.8%	63.7%
11.4	7.2	4.4	10.9	7.7	7.4	6.9	10.8
20.9	26.3	18.9	18.9	26.6	16.9	35.0	23.9
1.5	2.6	2.9	2.3	3.9	3.1	2.1	1.1
$4834	$5684	$5245	$4198	$3729	$2307	$3170	$2852
639	1568	501	527	416	192	488	389
218	551	398	496	244	43	961	79
$1861	$3049	$2368	$1435	$ 996	$ 714	$1120	$ 792
$ 6.94	$ 4.85	$ 5.61	$ 4.37	$ 4.12	$ 3.96	$ 3.92	$ 4.62
4.76	3.71	4.63	3.27	4.10	2.85	5.51	3.39
9.69	7.83	6.99	8.93	6.67	5.48	8.68	8.43
$ 8.04	$ 4.99	$ 5.75	$ 5.25	$ 4.71	$ 3.92	$ 5.27	$ 5.03
652	999	828	726	795	642	698	636
68	152	63	81	69	42	53	65

(Continued on next page)

Exhibit 22 (continued)

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Room Service Sales						
Per Occupied Room						
Food	$ 1.65	$ 2.05	$ 1.74	$ 2.78	$ 1.65	$ 1.86
Beverages	.50	.67	.33	.75	.40	.47
Total	$ 2.20	$ 3.11	$ 2.13	$ 3.57	$ 2.01	$ 2.47
Per Guest						
Food	$ 1.18	$ 1.59	$ 1.29	$ 2.10	$ .94	$ 1.37
Beverages	.35	.54	.25	.54	.23	.43
Total	$ 1.60	$ 2.17	$ 1.60	$ 2.71	$ 1.25	$ 1.80
Beverage Sales — By Facility						
Amount Per Available Room						
Dining Room	$ 724	$1144	$ 589	$ 970	$ 838	$ 645
Room Service	127	155	87	212	76	145
Banquet	413	380	197	984	315	106
Bar/Lounge	955	925	697	2645	1480	1292
Total	$2241	$2460	$1499	$2621	$2631	$1076
Ratio to Total Beverage Sales						
Dining Room	32.6%	42.0%	35.1%	18.6%	33.0%	39.5%
Room Service	5.3	7.0	6.3	4.7	3.7	4.3
Banquet	17.9	15.0	10.5	20.5	11.9	11.2
Bar/Lounge	43.3	32.7	44.8	59.7	50.8	69.4
Ratio to Food Sales						
Dining Room	21.9%	31.0%	19.4%	19.7%	19.9%	32.8%
Room Service	29.5	32.7	25.4	27.9	23.1	20.3
Banquet	34.5	51.2	24.1	38.8	41.0	42.9
Total (including bar/lounge)	44.2%	52.9%	34.8%	53.1%	38.3%	48.5%
Amount Per Seat						
Dining Room	$ 819	$ 853	$ 463	$ 925	$ 646	$ 850
Banquet	190	287	88	499	198	232
Bar/Lounge	2128	1637	2287	4356	2135	1943
Total	$1386	$1465	$1316	$2967	$1702	$1082

Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
				Canada	Mexico	United States	
$ 2.22	$ 1.52	$ 1.11	$ 2.36	$ 1.38	$ 1.04	$ 1.13	$ 1.82
.69	.32	.19	.75	.52	.35	.35	.47
$ 2.89	$ 1.94	$ 1.06	$ 3.15	$ 1.91	$ 1.34	$ 1.51	$ 2.94
$ 1.75	$ 1.08	$ .62	$ 1.74	$ 1.11	$ .71	$ .73	$ 1.22
.50	.18	.10	.62	.45	.22	.19	.33
$ 2.18	$ 1.33	$ .58	$ 2.66	$ 1.62	$ .83	$ .87	$ 1.69
$ 851	$ 917	$1047	$ 920	$ 716	$ 872	$ 506	$ 710
170	86	66	196	141	96	91	140
542	491	377	251	558	240	457	525
898	1500	1046	1404	1166	1267	689	821
$2479	$2805	$2660	$1352	$2580	$2023	$1783	$2209
32.1%	33.7%	52.1%	43.9%	22.4%	30.3%	28.5%	29.2%
7.4	2.6	3.3	9.0	4.8	4.1	5.1	6.5
23.8	15.2	14.7	8.6	21.2	9.7	25.3	23.7
37.2	44.6	45.0	40.1	56.0	59.3	45.8	42.8
21.9%	18.4%	18.2%	27.7%	24.6%	23.9%	20.7%	23.9%
26.5	19.5	21.8	31.3	38.5	36.2	31.3	32.6
51.2	26.1	23.7	22.3	42.5	35.7	26.0	43.0
45.9%	38.4%	34.6%	27.2%	57.0%	61.2%	39.7%	52.5%
$1160	$ 867	$ 926	$ 941	$ 888	$ 476	$ 583	$ 761
327	463	112	165	211	107	125	155
2557	3112	2840	3422	2063	925	2214	1200
$1728	$2834	$2362	$1393	$ 931	$ 695	$1062	$ 740

Exhibit 23
Food and Beverage Statistics* —By Selected Criteria

	Size of Hotel			
	Under 150 Rooms	150-299 Rooms	300-600 Rooms	Over 600 Rooms
Food Sales — By Facility				
Amount Per Available Room				
Dining Room	$3170	$3157	$3257	$2569
Room Service	303	437	446	410
Banquet	616	.1023	1352	1646
Bar/Lounge	136	89	105	106
Total	$4973	$5197	$5067	$4581
Ratio to Total Food Sales				
Dining Room	80.9%	68.8%	64.8%	56.1%
Room Service	7.9	8.9	8.6	8.0
Banquet	15.8	23.1	24.3	34.5
Bar/Lounge	2.3	1.8	2.1	2.3
Amount Per Seat				
Dining Room	$2367	$3368	$3756	$4533
Banquet	382	557	507	555
Bar/Lounge	227	201	213	345
Total	$1338	$1531	$1441	$1517
Average Check				
Dining Room	$ 5.70	$ 5.38	$ 4.79	$ 4.54
Room Service	2.85	3.06	4.06	4.35
Banquet	6.83	7.42	7.85	8.11
Total	$ 6.38	$ 5.92	$ 5.47	$ 5.43
Covers Served Per Seat				
Dining Room	450	558	753	997
Banquet	46	63	74	73

*All figures are medians and do not necessarily add to totals shown.

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50-74%	75-99%	100% & Over
$2972	$3826	$1596	$2885	$3713	$4204
423	403	289	395	463	417
1367	907	449	1211	1417	1731
96	99	59	85	102	151
$5028	$4966	$2474	$4569	$5637	$6432
62.5%	78.6%	66.1%	64.0%	64.8%	67.0%
8.5	6.8	11.8	8.6	8.6	6.7
25.9	15.9	19.9	26.1	24.3	25.3
2.1	2.1	2.0	2.1	1.8	2.3
$3593	$3492	$3438	$3608	$3209	$3875
530	478	390	530	508	596
230	144	214	181	273	203
$1398	$1583	$1371	$1633	$1367	$1494
$ 4.83	$ 5.36	$ 3.49	$ 4.60	$ 5.21	$ 5.61
3.97	3.43	4.37	3.87	4.19	3.50
7.71	8.15	6.79	8.49	7.51	7.84
$ 5.73	$ 5.51	$ 5.03	$ 5.51	$ 6.02	$ 6.35
684	649	866	753	674	609
68	70	52	71	73	70

(Continued on next page)

Exhibit 23 (continued)

	Size of Hotel			
	Under 150 Rooms	150-299 Rooms	300-600 Rooms	Over 600 Rooms
Room Service Sales				
Per Occupied Room				
Food	$ 1.44	$ 1.70	$ 1.67	$ 1.58
Beverages	.41	.52	.45	.61
Total	$ 1.95	$ 2.16	$ 2.15	$ 2.35
Per Guest				
Food	$ 1.18	$ 1.29	$ 1.22	$ 1.01
Beverages	.38	35	32	.35
Total	$ 1.62	$ 1.55	$ 1.65	$ 1.53
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 801	$ 712	$ 799	$ 703
Room Service	104	138	114	146
Banquet	191	403	395	534
Bar/Lounge	1007	931	1039	823
Total	$2019	$2184	$2509	$2140
Ratio to Total Beverage Sales				
Dining Room	42.2%	30.8%	33.0%	31.7%
Room Service	4.4	6.3	4.6	6.3
Banquet	9.9	16.6	17.5	26.3
Bar/Lounge	50.5	42.7	43.4	38.6
Ratio to Food Sales				
Dining Room	19.2%	20.8%	24.1%	22.1%
Room Service	27.9	29.9	27.0	37.9
Banquet	39.8	37.8	34.6	28.9
Total (including Bar/Lounge)	43.2%	45.4%	44.7%	42.4%
Amount Per Seat				
Dining Room	$ 617	$ 689	$ 925	$ 917
Banquet	132	235	182	175
Bar/Lounge	1368	2026	2394	2587
Total	$1243	$1412	$1363	$1476

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50-74%	75-99%	100% & Over
$ 1.68	$ 1.62	$ .99	$ 1.48	$ 1.67	$ 1.79
.52	.42	.38	.45	.54	.56
$ 2.24	$ 2.01	$ 1.40	$ 2.08	$ 2.26	$ 2.48
$ 1.24	$ .95	$ .77	$ 1.15	$ 1.26	$ 1.23
.38	.27	.25	.31	.38	.38
$ 1.69	$ 1.22	$ 1.06	$ 1.52	$ 1.67	$ 1.69
$ 702	$ 857	$ 260	$ 733	$ 916	$ 939
135	110	100	127	145	130
472	251	149	396	504	638
942	1069	515	787	1100	1278
$2265	$2026	$ 974	$1855	$2489	$3110
30.9%	35.9%	22.4%	36.5%	30.4%	33.5%
5.7	4.0	7.9	6.4	5.8	3.9
19.6	11.3	13.5	19.9	18.8	18.9
42.2	49.2	54.6	38.3	42.2	43.7
22.9%	20.2%	16.0%	26.0%	23.1%	21.8%
30.8	24.6	25.0	29.9	29.7	31.7
34.5	34.4	28.8	33.5	36.8	38.2
45.9%	38.2%	42.4%	42.8%	46.9%	46.2%
$ 843	$ 698	$ 626	$ 830	$ 758	$ 900
197	157	135	181	183	222
2233	1984	2085	2240	2021	2078
$1354	$1548	$1313	$1476	$1287	$1478

(Continued from page 49)

persons served (covers) per seat. Analysis of the results shows that price and capacity are the factors that determine the relative importance of the food and beverage operation. The following comparison illustrates this (the variance shows the extent to which the high volume properties exceed the low volume ones):

	Volume of Food and Beverage Sales		
	Low	High	Variance
Seats Per 100 Guest Rooms			
Dining Room	46	108	135%
Banquet	115	290	152
Bar/Lounge	28	74	164
Average Food Check			
Dining Room	$3.49	$5.61	61
Banquet	6.79	7.84	15
Room Service	4.37	3.50	(20)

Not only do those hotels with high restaurant volumes in relation to room sales obtain higher sales per customer they also have many more seats in relation to the number of guest rooms.

Exhibit 24
Restaurant Operations— Cost of Sales and Cash Payroll—By Region

	Cost of Sales and Cash Payroll*		Increase (Decrease)
	1978	1977	
Africa	52.9%	49.3%	7.3%
Asia	48.7	50.7	(3.9)
Australasia	69.7	65.8	5.9
Caribbean	63.2	58.6	7.8
Central America	51.4	51.9	(1.0)
Europe	65.3	59.8	9.2
Far East	56.2	47.3	18.8
Hawaii & Pacific Islands	55.6	58.9	(5.6)
Middle East	48.3	49.3	(2.0)
North America			
Canada	67.4	66.3	1.7
Mexico	45.4	46.3	(1.9)
United States	58.6	67.3	(12.9)
South America	52.1	47.9	8.8
Mean—All Hotels	58.0%	58.2%	(.3)

*Before deducting service charges.

The combination of cash payroll and cost of sales (sometimes referred to as "prime cost") is a frequently used measurement in restaurant operations. The upper limit of those costs is generally set at 65 percent of food and beverage sales for a profitable operation; however, it varies considerably as a result of many factors. Comparison of the total for the various regions with the similar ratios from the 1977 study is shown in Exhibit 24. The average for all of the hotels was 58 percent (down slightly from 1977) and six of the regions showed decreases. However, sharp increases occurred in Africa, Australasia, the Caribbean, and Central and South America. In the Far East, the ratio jumped nearly 19 percent.

Payroll and related expenses

An analysis of the available information on staffing levels and employee productivity is shown in Exhibit 25. The medians and quartiles were developed from data provided by hotels reporting the same number of employees in the departments listed, and in each case they represent full-time equivalents, that is, the number of hours worked has been divided by the standard work hours to obtain the number of employees in each position.

Employee productivity has been expressed in terms of departmental sales per departmental employee and total sales per employee. The medians and quartiles can be used as additional tests of staffing levels and are especially valuable when

Exhibit 25
Staffing Levels and Employee Productivity—All Hotels*

	Number of Employees Per 100 Available Rooms			Number of Employees Per 100 Occupied Rooms		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Staffing Levels (Full-Time Equivalent Employees)						
Rooms	20.1	26.5	35.0	29.9	36.9	51.3
Food & Beverage	32.8	46.0	65.4	46.9	64.7	94.7
Telephone	1.4	2.1	2.9	2.1	2.9	4.4
Minor Departments	1.2	2.4	5.0	1.6	3.4	6.6
Administrative & General	6.7	9.7	14.5	9.1	13.2	20.5
Marketing—Sales	.8	1.2	1.8	1.2	1.8	2.5
Marketing—Other	.4	.7	1.8	.6	.9	2.2
Property Operation & Maintenance	3.9	6.9	12.2	5.3	9.6	17.6
Personnel	.6	1.1	2.1	.9	1.6	3.1
House Laundry	2.6	4.4	6.6	3.9	6.4	9.6
Other	.4	.7	1.7	.5	1.0	2.4
Total Employment (Full-Time Equivalent Employees)	62.8	91.5	126.8	86.4	129.6	185.7
Employee Productivity—Sales Per Full-Time Employee						
Rooms	$20,726	$36,196	$51,862			
Food & Beverage	12,045	18,102	26,015			
Telephone	17,483	32,006	58,290			
Minor Departments	9,699	22,446	35,892			
Total Sales Per Employee	$13,748	$22,892	$32,191			

*Based on those supplying data.
All figures are quartiles or medians and do not necessarily add to totals shown.

unusual circumstances distort the composition of sales.

Exhibit 26 presents the information on payroll, employee benefits and employment statistics for the major regions. The productivity index (total sales divided by net payroll and related expenses) declined by 3.5 percent in 1978 for all of the hotels. It was down in 7 of the 13 regions and the same as a

Exhibit 26
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Payroll & Related Expenses						
Cash Payroll	$ 4336	$ 3392	$ 2225	$ 9415	$ 4893	$ 2994
Net Payroll & Related Expenses*	5861	4988	2789	11,411	8028	3804
Employee Benefits — Ratio to Cash Payroll	37.8%	56.9%	41.2%	12.0%	47.4%	41.8%
Cost Per Employee						
Cash Payroll	$ 5961	$ 3439	$ 1181	$10,964	$ 5119	$ 2563
Net Payroll & Related Expenses*	7659	5364	1652	12,897	10,013	3348
Employment Statistics						
Sales Per Employee						
Rooms	$36,196	$31,641	$16,838	$53,746	$36,905	$ 7919
Food & Beverage	18,102	17,413	7684	26,838	18,210	5083
Telephone	32,006	36,202	16,388	69,748	25,389	11,814
Minor Departments	22,446	20,766	9632	63,934	26,223	1741
Total Sales Per Employee	$22,892	$16,330	$ 8732	$33,519	$21,587	$ 5660
Productivity Index						
1978	3.020	3.376	5.028	2.966	2.714	3.123
1977	3.130	3.405	4.670	2.722	2.714	3.440
Number of Full-Time Equivalent Employees Per 100 Available Rooms**						
Rooms	26.5	26.5	59.5	29.5	26.1	39.0
Food & Beverage	46.0	44.7	105.5	67.7	44.7	51.7
Telephone	2.1	2.2	3.8	2.5	1.8	4.1
Minor Departments	2.4	2.4	6.3	5.7	2.9	4.5
Administrative & General	9.7	15.9	22.9	10.8	8.1	14.3
Marketing—Sales	1.2	.8	2.4	1.9	1.0	1.5
Marketing—Other	.7	.6	1.3	—	.4	—
Property Operation & Maintenance	6.9	13.0	22.8	5.9	9.5	7.8
Personnel	1.1	1.6	2.9	.6	1.0	.9
House Laundry	4.4	5.3	10.5	6.2	4.4	3.0
Other	.7	1.2	1.0	.8	.9	.9
Total	91.5	113.2	245.3	133.6	108.3	121.6

*After credit for service charges.
**Based on those supplying data.
All figures are medians and do not necessarily add to totals shown.

year ago in one region. Increases in the index ranged from 5 percent in Europe and the Far East to 7 percent in Hawaii, 8 percent in Asia, and 9 percent in Australasia, the sharpest rise. The biggest drop in the index was slightly more than 10 percent in South America followed by a little less than 10 percent in the Middle East and slightly more than 9 percent in Central America.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 5782	$ 4105	$ 5153	$ 3322	$ 6018	$ 2403	$ 4621	$ 3710
6969	3862	6909	5472	6890	3176	6168	6270
42.3%	31.1%	37.4%	80.9%	17.8%	39.5%	33.3%	67.4%
$ 8509	$ 3022	$ 9582	$ 3113	$ 7774	$ 2876	$ 8163	$ 2528
11,280	3051	12,902	5708	8944	3759	11,238	4528
$49,435	$31,731	$33,695	$46,093	$37,807	$22,380	$48,588	$28,260
25,283	16,544	18,236	18,379	22,685	15,012	22,627	12,864
74,110	46,170	27,498	33,756	30,401	8881	38,391	29,700
29,543	30,424	15,328	24,082	14,715	15,548	24,977	21,121
$30,878	$17,940	$39,357	$18,621	$24,228	$13,748	$30,872	$14,539
2,855	5,647	3,162	3,321	2,633	3,779	2,788	3,149
2,711	5,375	2,962	3,682	2,688	3,820	2,851	3,514
34.1	33.4	23.9	27.5	28.3	26.9	16.8	37.3
56.1	54.4	45.0	55.5	46.9	35.1	34.8	72.2
2.5	2.4	1.6	2.5	2.2	2.3	1.0	4.3
2.3	3.0	1.1	1.6	1.7	5.0	2.6	4.0
11.0	11.1	5.9	12.0	7.2	11.1	7.8	17.0
1.5	2.2	.9	.8	1.7	1.1	1.6	1.8
.7	.7	1.1	.7	.4	.5	.6	.7
6.9	5.5	7.3	12.1	4.4	8.5	3.7	14.3
1.2	.7	.6	1.7	.8	.9	.7	2.8
5.5	4.0	4.0	4.4	4.2	3.4	2.7	6.6
.9	.7	.2	1.9	1.3	.6	1.2	1.0
114.1	129.0	77.1	128.0	95.7	86.1	51.9	163.2

A comparison of departmental payroll and related expenses per occupied room per day at various levels of occupancy is shown in Exhibit 27. It is apparent from this table that departmental payrolls are relatively fixed in nature. The percentage of occupancy more than doubled between the low and high groups, but the cost per occupied room actually declined by more than 15 percent.

Other expenses

In the rooms department, commissions (including travel agents) and reservation expenses show a clear trend of variability in relation to occupancy, while most of the other departmental expenses, including payroll are relatively fixed. The comparison of rooms expense per occupied room per day at the various occupancy levels is shown in Exhibit 28.

Exhibit 27
Payroll and Related Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50-59%	60-69%	70-79%	80% & Over
Rooms	$ 6.19	$ 5.55	$ 5.99	$ 5.87	$ 5.34
Food & Beverage	10.99	9.10	9.93	10.33	8.33
Telephone	.55	.38	.43	.37	.43
Minor Departments	.62	.47	.47	.45	.43
Administrative & General	5.27	3.13	3.17	3.33	2.85
Marketing	.57	.72	.70	.77	.51
Property Operation & Maintenance	2.78	1.63	1.71	1.69	1.48
Personnel	.55	.37	.31	.29	.24
House Laundry	.85	.72	.75	.59	.56
Other	.33	.17	.18	.20	.14
Total	$24.19	$22.43	$23.74	$23.70	$20.45

*Based on those providing detail. All figures are medians.

Undistributed operating expenses

An analysis of the undistributed operating expenses for the regions is presented in Exhibit 29 on three bases: cost per available room, ratio to room sales and ratio to total sales. Comparison using a fixed base, such as number of rooms, is useful when determining actual increases or decreases in comparative amounts spent while basing the amounts on room sales and total sales gives an indication of the extent to which higher prices offset rising costs. The median ratios to total sales for each expense for 1977 are shown together with the percentage variance. There were sharp increases in administrative and general expenses and property operation and maintenance (not offset by higher prices), but marketing costs remained stable in relation to sales and energy cost increases were below the increase in total sales in all but three regions.

(Text continued on page 64)

Exhibit 28
Rooms Department Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50-59%	60-69%	70-79%	80% & Over
Payroll & Related Expenses	$ 6.19	$ 5.55	$ 5.99	$ 5.87	$ 5.34
Commissions (including Travel Agents)	.22	.23	.37	.36	.50
Contract Cleaning	.16	.09	.10	.14	.11
Linen	.28	.28	.31	.34	.35
Laundry & Dry Cleaning	.77	.67	.66	.68	.66
Operating Supplies	.74	.53	.62	.57	.63
Other Operating Expenses	.28	.24	.36	.32	.35
Reservation Expense	.04	.16	.18	.21	.23
Uniforms	.08	.05	.07	.07	.07
Total	$ 8.90	$ 8.11	$ 8.75	$ 8.78	$ 8.28

*Based on those providing detail. All figures are medians.

Exhibit 29
Analysis of Undistributed Operating Expenses

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Administrative & General						
Cost Per Room						
Payroll & Related Expenses	$ 804	$1253	$ 604	$ 779	$1100	$ 855
Other	992	1063	724	696	1232	565
Total	$1889	$2898	$1407	$1462	$2302	$1826
Ratio To:						
Room Sales	21.0%	29.8%	18.4%	15.3%	25.8%	27.2%
Total Sales — 1978	10.6	14.6	8.7	6.4	10.7	12.3
Total Sales — 1977	9.1	13.6	8.0	7.6	10.3	13.7
Increase (Decrease)	16.5	7.4%	8.8%	(15.8)%	3.9%	(10.2)%
Marketing						
Cost Per Room						
Payroll & Related Expenses	$ 163	$ 78	$ 75	$ 170	$ 136	$ 136
Other	487	415	427	191	851	513
Total	$ 620	$ 433	$ 512	$ 202	$1011	$ 513
Ratio To:						
Room Sales	6.7%	5.2%	7.4%	3.3%	9.4%	8.5%
Total Sales — 1978	3.4	2.5	2.9	1.4	4.4	3.8
Total Sales — 1977	3.4	2.3	3.7	2.9	5.4	3.4
Increase (Decrease)	—	8.7%	(21.6)%	(51.7)%	(18.5)%	11.8%
Energy Costs						
Cost Per Room	$ 706	$1025	$ 826	$ 573	$1062	$1332
Ratio To:						
Room Sales	7.8%	12.0%	13.5%	7.4%	13.3%	22.9%
Total Sales — 1978	3.9	5.5	6.1	2.8	6.0	13.0
Total Sales — 1977	4.3	6.3	6.6	2.5	6.8	6.6
Increase (Decrease)	(9.3)%	(12.7)%	(7.6)%	12.0%	(11.8)%	97.0%
Property Operation & Maintenance						
Cost Per Room						
Payroll & Related Expenses	$ 440	$ 518	$ 309	$ 255	$ 752	$ 231
Other	575	798	512	587	800	303
Total	$1049	$1290	$ 760	$ 797	$1588	$ 626
Ratio To:						
Room Sales	11.5%	15.0%	12.2%	10.1%	16.2%	12.2%
Total Sales — 1978	5.6	7.4	5.3	3.7	7.6	5.5
Total Sales — 1977	5.4	6.2	6.0	3.7	7.5	6.0
Increase (Decrease)	3.7%	19.4%	(11.7)%	—	1.3%	(8.3)%

Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
				Canada	Mexico	United States	
$ 995	$ 628	$ 808	$1013	$ 642	$ 624	$ 719	$1114
1071	1316	1695	957	765	1001	1004	961
$2114	$2263	$2919	$2332	$1459	$1632	$1698	$2060
20.6%	19.9%	21.6%	24.0%	19.5%	25.9%	19.1%	21.6%
10.5	7.9	12.1	12.2	9.5	12.9	10.6	11.2
8.2	7.2	7.0	9.1	7.6	10.1	9.7	11.4
28.0%	9.7%	72.9%	34.1%	25.0%	27.7%	9.3%	(1.8)%
$ 160	$ 204	$ 163	$ 96	$ 188	$ 103	$ 245	$ 175
425	576	555	421	567	528	484	596
$ 478	$ 803	$ 714	$ 452	$ 609	$ 597	$ 717	$ 760
5.1%	7.2%	6.3%	5.2%	8.2%	10.3%	7.5%	7.4%
2.5	3.4	3.2	2.1	4.1	4.9	4.4	3.9
3.0	3.2	3.3	1.6	3.1	5.3	4.5	3.6
(16.7)%	6.3%	(3.0)%	31.3%	32.3%	(7.5)%	(2.2)%	8.3%
$ 746	$ 986	$ 788	$ 654	$ 523	$ 476	$ 671	$ 853
6.9%	7.9%	5.1%	7.8%	7.8%	6.4%	7.8%	8.6%
3.4	4.2	3.0	3.9	3.4	3.2	4.3	4.4
3.7	5.1	3.6	3.7	3.4	4.0	5.1	4.7
(8.1)%	(17.6)%	(16.7)%	5.4%	—	(20.0)%	(15.7)%	(6.4)%
$ 509	$ 307	$ 525	$ 512	$ 378	$ 312	$ 464	$ 481
698	750	587	845	526	510	452	694
$1210	$1312	$1165	$1538	$ 896	$ 786	$ 957	$1280
10.4%	10.5%	10.4%	14.0%	11.6%	13.8%	9.8%	11.9%
5.2	4.5	5.0	7.7	5.6	6.6	5.3	5.6
5.2	4.5	5.3	7.0	5.4	6.5	5.2	5.8
—	—	(5.7)%	10.0%	3.7%	1.5%	1.9%	3.4%

(Continued from page 61)

Exhibit 30 is an illustration of how hotels dealing with different types of clientele allocate marketing expenses. City hotels rely more heavily on direct selling while resorts put more emphasis on media advertising, for example. Those hotels with predominately tourist clientele spend very little on direct sales but more on media advertising, especially print and outdoor. Apparently chain identification also is considered to be significant for that group, since they are more likely to be franchised units.

Also shown are the ratios for hotels reporting net income and those reporting losses, which show that the profitable group also relied more heavily on

Exhibit 30
How The Marketing Dollar Was Spent* — By Selected Criteria

	Mean, All Hotels	By Location		By Market		Hotels Reporting	
		City	Resort	Predominantly Tourist	Other	Net Income	Loss
Payroll & Related Expenses							
Sales	22.9%	24.6%	16.0%	11.9%	22.1%	23.6%	21.2%
Other	1.8	1.9	1.0	1.1	2.6	2.2	.7
Sales							
Travel & Entertainment	9.9	9.9	8.5	11.3	10.2	9.6	9.5
Other	5.0	5.1	4.4	4.2	5.7	4.9	5.4
Advertising							
Print	20.4	19.2	25.0	23.3	21.0	19.9	23.8
Radio & TV	2.4	2.5	2.5	1.9	2.6	2.0	3.6
Outdoor	2.4	2.1	3.7	4.0	2.5	2.5	3.4
Other	4.7	5.0	3.7	4.9	3.6	5.3	3.8
Merchandising	2.8	3.0	2.2	3.1	3.9	2.6	4.4
Public Relations & Publicity	7.0	7.3	5.8	4.1	4.8	7.6	6.3
Research	.4	.4	.7	.7	.8	.5	.1
Fees & Commissions							
Franchise Fees	5.9	5.5	7.5	11.3	6.4	4.7	8.9
Other	2.2	1.7	4.9	3.4	2.8	2.2	2.3
All Other Selling & Promotion Expenses	12.2	11.8	14.1	14.8	11.0	12.4	6.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Marketing Cost Index	$21.64	$23.48	$15.59	$16.68	$24.87	$21.75	$17.76

*Based on those supplying data. All ratios are based on arithmetic mean.

direct selling and less on media. However, the more significant comparison is the variance in the marketing cost index, a ratio derived by dividing total sales by total marketing plus the cost of travel agents' commissions and reservation expenses taken from the rooms department. Those hotels reporting net income spent 14 percent more on marketing (see Exhibit 10) but generated over 22 percent more revenue for each dollar expended.

In Exhibit 31, the quartile and median amounts per available room and ratios to room sales and total sales are shown for management fees for all hotels reporting the data. Nearly 60 percent of the sample provided such information. Although there were wide variations in amounts per available room by region, the median ratio to total sales for a majority of the areas varied only slightly from the all hotels figure. The lowest median ratio to total sales reported was under 1 percent in Central America and the highest was 5 percent in Hawaii and the Pacific Islands.

Exhibit 31
Management Fees—All Hotels*

	Lower Quartile	Median	Upper Quartile
Amount Per Room	$214	$447	$734
Ratio to Room Sales	2.8%	5.5%	7.4%
Ratio to Total Sales	1.8	2.9	4.0

*Based on those supplying data—59 percent of all hotels.

The energy costs per occupied room per day for the various regions and for the sample broken down by age, size and occupancy are shown in Exhibits 32 and 33. Energy costs rose in all regions except the Far East, although there was considerable variation in the increases. The sharpest increases were in Africa and Central and South America, all regions where the cost of electricity is quite high; the smallest

Exhibit 32
Energy Costs Per Occupied Room Per Day*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Fuel	$ .55	$ .74	$ .55	$ .48	$ .73	$ .62
Electricity	1.71	2.94	2.87	1.74	3.65	4.58
Water	.34	.70	.32	.30	.69	.70
Steam	77	1.20	.40	—	.06	.41
Credit for Sale of Energy	(.10)	(.14)	(.22)	(.22)	(1.52)	—
Net Energy Cost—1978	$2.70	$4.26	$2.21	$2.11	$5.27	$5.38
Net Energy Cost—1977	$2.45	$2.84	$3.01	$1.99	$4.60	$3.87
Increase (Decrease)	10.2%	50.0%	6.6%	6.0%	14.6%	39.0%

*All figures are medians and do not necessarily add to totals shown.

Exhibit 33
Energy Costs Per Occupied Room Per Day*—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150–299 Rooms
Fuel	$ .73	$ .63	$ .61	$ .47	$ .89	$ .60
Electricity	1.56	1.40	1.67	1.87	1.63	1.75
Water	.30	.47	.34	.33	.36	.36
Steam	1.18	.88	.84	.53	.08	.69
Credit for Sale of Energy	(.05)	(.05)	(.16)	(.10)	(.45)	(.07)
Net Energy Cost	$2.97	$2.31	$2.77	$2.65	$2.38	$2.83

*All figures are medians and do not necessarily add to totals shown.

increase was in Canada where abundant hydroelectric power results in relatively low electricity expense. Exhibit 33 illustrates the fixed nature of the cost, particularly of climate control in the public areas, which is necessary regardless of the size of the hotel or its occupancy. The higher cost of electricity in the newer hotels is probably due to the more extensive use of air-conditioning in recently constructed buildings.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ .91	$ .39	$ .47	$ .59	$ .40	$ .18	$ .63	$ .28
1.70	2.29	1.68	1.69	1.10	1.06	1.60	2.22
.44	.27	.23	.35	.18	.47	.21	.56
1.00	.50	.17	.01	1.24	.11	1.48	.06
(.23)	(.16)	(.05)	(.05)	(.08)	(.02)	(.04)	(.08)
$2.95	$2.93	$2.54	$2.64	$2.02	$1.97	$2.77	$3.09
$2.50	$3.02	$2.43	$2.24	$2.01	$1.64	$2.38	$2.47
18.0%	(3.0)%	4.5%	17.9%	.5%	20.1%	16.4%	25.1%

Size of Hotel		Occupancy				
300-600 Rooms	Over 600 Rooms	Under 50%	50-59%	60-69%	70-79%	80% & Over
$ .45	$ .46	$1.01	$ .76	$ .70	$ .59	$ .40
1.72	1.70	1.97	1.62	1.95	1.60	1.56
.34	.27	.47	.28	.29	.38	.33
.71	1.26	.67	.98	.74	.90	.64
(.10)	(.10)	(.45)	(.11)	(.23)	(.09)	(.06)
$2.64	$3.05	$3.66	$2.78	$3.13	$2.61	$2.27

Hotels in the sample built within the past 10 years spent 21 percent less on property operation and maintenance than those built more than 10 years ago. A breakdown of how the maintenance dollar was spent by the various age groups is shown in Exhibit 34. The newer properties tend to spend less on the building, furniture, painting and decorating,

Exhibit 34
How the Property Operation and Maintenance Dollar Was Spent—By Age of Hotel

	Mean, All Hotels	Built Age of Hotel			
		Built Pre-1940	1940-1959	1960-1969	1970s
Payroll & Related Expenses	44.4%	51.9%	45.7%	42.3%	42.7%
Building	11.1	10.6	11.8	12.2	10.3
Electrical & Mechanical Equipment	16.1	12.9	18.1	15.3	17.6
Furniture	4.6	4.1	3.5	5.9	3.9
Grounds & Landscaping	2.0	.9	1.4	1.6	2.9
Operating Supplies	2.9	2.4	2.9	2.5	3.6
Painting & Decorating	5.1	5.3	7.2	5.0	4.2
Removal of Waste Matter	1.6	1.7	1.2	1.6	1.6
All Other Expenses	12.2	10.2	8.2	13.6	13.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 35
Method of Payment For Hotel Services*— By Region

	Cash	Credit Card	Travel Agent & Tour Operator	All Other Credit
Africa	40.5%	15.2%	12.3%	32.0%
Asia	27.2	19.1	26.6	27.1
Australasia	42.5	19.0	12.0	26.5
Caribbean	26.0	22.7	42.9	8.4
Central America	32.1	25.6	15.4	26.9
Europe	38.2	21.9	15.4	24.5
Far East	38.6	20.6	22.3	18.5
Hawaii & Pacific Islands	29.4	24.9	28.0	17.7
Middle East	31.5	18.1	17.5	32.9
North America				
Canada	38.7	40.7	4.4	16.2
Mexico	36.3	32.7	19.2	11.8
United States	37.0	36.7	10.8	15.5
South America	28.3	33.5	16.0	22.2
All Hotels** — 1978	35.2%	24.8%	17.6%	22.4%
All Hotels** — 1977	36.9%	22.8%	20.4%	19.9%

*Based on arithmetic mean.
**Excluding U.S.A.

but more on electrical and mechanical equipment, grounds and landscaping, and operating supplies. The big difference is in the staffing levels, however. The older hotels spent nearly one-third more per available room for payroll and related expenses, and the average staff per 100 available rooms was 8.9 persons in 1978 compared with only 7.8 the previous year, 14 percent higher.

Credit and collection data

In 1978, a slightly smaller percentage of guest accounts were settled in cash compared with a year ago, while the percentage of credit card usage rose from slightly less than 23 percent in 1977 to nearly 25 percent in 1978. The portion received from travel agents and tour operators dropped by nearly 14 percent. The detail is shown by region in Exhibit 35. The methods of payment in hotels in the United States were analyzed for the first time, but the all hotels total has been adjusted to eliminate the U.S. hotels in order to make comparisons with 1977.

Credit card usage varies considerably by region and by type of hotel, as Exhibits 36 and 37 show. They are used much more widely in North America, but less in the Middle East, Africa and Asia. There is little variance by age of hotel, but credit card settlement is more common in the larger properties, those with higher rates and those located in urban areas.

Exhibit 36
Credit Card Commission—Annual Cost Per Occupied Room—By Region

	Annual Cost Per Occupied Room	Ratio To Total Sales
Africa	$112	.4%
Asia	111	.6
Australasia	162	.7
Caribbean	222	.6
Central America	240	.9
Europe	271	.8
Far East	272	.8
Hawaii & Pacific Islands	171	.6
Middle East	192	.5
North America		
Canada	211	1.0
Mexico	216	1.3
United States	253	1.2
South America	249	1.0
Median—All Hotels	$218	.9%

Exhibit 37
Credit Card Commission—Annual Cost Per Occupied Room—By Selected Criteria

	Annual Cost Per Occupied Room	Ratio To Total Sales
Age		
Built Pre-1940	$243	.9%
1940-1959	240	1.0
1960-1969	241	1.0
1970s	207	.9
Size		
Under 150 Rooms	145	.7
150-299	202	.9
300-600	243	1.0
Over 600	284	1.0
Rate*		
Under $25	116	.7
$25-$34.99	184	.9
$35-$49.99	286	.9
Over $50	432	.9
Occupancy		
Under 50%	129	.6
50-59%	167	1.0
60-69%	205	.9
70-79%	238	.9
80% & Over	243	.9
Location		
City	238	.9
Resort	167	.6
Market		
Predominantly Tourist	158	.7
Other	238	.9
Rating		
Luxury	247	.9
First Class	184	.9
Food and Beverage Sales—Ratio To Room Sales		
Under 50%	195	1.0
50-74%	216	.9
75-99%	247	.9
100% & Over	201	.7
Median, All Establishments	$218	.9%

*U.S. dollars

Fixed charges

Exhibit 38 shows a comparison by region of the median amounts per room and ratios to total sales of fixed charges, rent, property taxes, insurance on buildings and contents, interest and depreciation. The median ratio to total sales was only slightly

Exhibit 38
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Region

	Median All Hotels	Africa	Asia	Australasia	Caribbean
Amount Per Room					
Rent—Land	$ 825	*	$ 22	*	*
Rent—Other	1119	$1232	404	$1873	$1947
Property Taxes	424	262	113	267	143
Insurance on Buildings & Contents	67	134	86	118	161
Interest Expense	490	324	494	*	361
Depreciation & Amortization	740	613	884	480	632
Total Fixed Charges	$2658	$1921	$1831	$2651	$3404
Ratio To Total Sales—1978	15.2%	15.2%	9.6%	14.4%	16.3%
Ratio To Total Sales—1977	15.7	12.3	13.8	17.5	9.6
Increase (Decrease)	(3.2)%	23.6%	(30.4)%	(17.7)%	69.8%

*Insufficient data

Exhibit 39
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Amount Per Room						
Rent—Land	*	$ 285	$1456	$ 772	$ 737	$1142
Rent—Other	$ 531	703	1801	1177	517	1082
Property Taxes	555	464	313	425	404	288
Insurance on Buildings & Contents	54	52	74	72	91	63
Interest Expense	371	725	456	660	732	543
Depreciation & Amortization	874	798	745	683	504	678
Total Fixed Charges	$2039	$2735	$2923	$2741	$1921	$2507
Ratio To Total Sales—1978	11.2%	14.0%	16.4%	16.7%	13.1%	13.5%
Ratio To Total Sales—1977	12.5	14.1	15.0	18.5	13.7	14.4
Increase (Decrease)	(10.4)%	(.7)%	9.3%	(9.7)%	(4.4)%	(6.3)%

*Insufficient data

lower in 1978, although there were wide variations in some regions. In 1978, 79 days of occupancy were required to cover total fixed charges, nearly 4 percent fewer than in 1977.

Exhibit 39 shows the median amounts per room and ratios to total sales of fixed charges for the

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America: Canada	North America: Mexico	North America: United States	South America
•	$ 430	$ 563	$ 325	•	$ 304	$1300	$ 990	•
$3086	1480	288	1825	•	289	517	651	$2438
•	455	325	609	128	832	191	521	524
•	83	95	72	117	66	114	43	137
•	523	604	987	169	1125	356	497	119
434	730	707	1174	411	627	407	908	1070
$2746	$2777	$1854	$4416	$1198	$2952	$2164	$2761	$3495
20.5%	14.0%	8.5%	16.4%	6.1%	20.0%	17.5%	16.4%	16.7%
14.1	16.0	17.5	17.2	10.7	16.2	21.1	15.8	21.5
45.4%	(12.5)%	(51.4)%	(4.7)%	(43.0)%	23.5%	(17.1)%	3.8%	(22.3)%

Size of Hotel: 300-600 Rooms	Size of Hotel: Over 600 Rooms	Location: City	Location: Resort	Market: Predominantly Tourist	Market: Other	Rating: Luxury	Rating: First Class
$ 808	$ 465	$ 982	$ 366	$ 328	$ 958	$ 772	$ 982
1408	2000	1063	1119	1404	2225	1703	655
439	559	449	273	161	430	464	405
53	55	63	113	96	81	70	63
366	432	471	782	501	381	398	660
884	869	709	866	564	817	866	610
$3292	$3354	$2588	$2892	$2389	$3278	$3030	$2148
16.4%	16.4%	15.4%	14.1%	15.8%	15.9%	15.7%	14.0%
16.9	18.3	16.0	13.5	16.7	15.3	16.3	14.2
(3.0)%	(10.4)%	(3.8)%	4.4%	(5.4)%	3.9%	(3.7)%	(1.4)%

sample broken down by age, size and other criteria. Fixed charges in the smaller and older hotels are lower than in the newer and larger hotels, providing some advantages to those properties in price competition. For example, it requires only 58 days of occupancy for the pre-1940 hotels to cover fixed charges while properties constructed in the 1970s must have 83 days (at median average room rates in each instance).

Exhibit 40
Balance Sheet Statistics—Liquidity Ratios By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Current Position:						
Ratio of Current Assets To Current Liabilities	$ 1.11	$ 1.02	$ 1.55	$ 1.38	$ 1.03	$1.24
Accounts Receivable:						
Amount Per Room	$1438	$2402	$1851	$1709	$2405	$ 827
Ratio To Total Sales	7.2%	14.6%	11.1%	5.4%	12.1%	7.7%
Food Inventory						
Amount Per Room	$ 103	$ 134	$ 104	$ 185	$ 308	$ 72
Annual Turnover	21.1	13.9	21.2	15.7	11.8	23.2
Beverage Inventory						
Amount Per Room	$ 132	$ 171	$ 115	$ 328	$ 131	$ 70
Annual Turnover	4.9	4.1	5.6	4.3	5.0	5.4
Operating Supplies Inventory						
Amount Per Room	$ 232	$ 639	$ 511	$ 254	$ 521	$ 225

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit 40 for the entire group and by region. Compared with 1977, there was a very minor increase in current position; however, accounts receivable per available room was more than 16 percent higher, although slightly lower in relation to total sales. The food inventory

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 1.05	$ 1.22	$ 1.19	$ 1.43	$ .74	$ 1.08	$1.05	$ 1.15
$1766	$1963	$1654	$1639	$785	$1067	$ 766	$1916
7.8%	6.9%	7.0%	7.5%	3.8%	8.6%	5.2%	10.0%
$ 114	$ 216	$ 172	$ 300	$ 89	$ 85	$ 49	$ 126
22.4	18.7	18.2	13.2	22.1	19.5	27.4	20.3
$ 228	$ 119	$ 279	$ 158	$ 138	$ 160	$ 39	$ 226
3.1	6.5	2.7	3.4	7.9	3.0	8.7	2.8
$ 246	$ 181	$ 326	$ 641	$106	$ 123	$ 171	$ 409

turnover was slightly higher and the beverage inventory turnover somewhat lower in 1978.

Exhibit 41 contains a pro forma balance sheet expressed in U.S. dollars per available room, showing also the ratios of those amounts to total assets and to total sales. The information can be helpful in budgeting, since the impact on the balance sheet of

Exhibit 41
Pro Forma Balance Sheet—All Hotels*

Assets	Amount Per Room	Ratios To Total Assets	Ratios To Total Sales
Current Assets			
Cash on Hand & in Banks	$ 1685	8.6%	7.7%
Accounts Receivable — Net	1997	10.2	9.2
Inventories	686	3.5	3.1
Prepaid Expenses & Other	882	4.5	4.0
Total Current Assets	$ 5250	26.8%	24.0%
Fixed Assets			
Land	$ 1783	9.1%	8.2%
Building	10.676	54.5	48.9
Furniture & Fixtures	4564	23.3	20.9
Operating Equipment	764	3.9	3.5
Total	$17.787	90.8%	81.5%
Less Accumulated Depreciation	5152	26.3	23.6
Net Book Value	12.635	64.5%	57.9%
Other Assets	1704	8.7	7.8
Total Assets	$19.589	100.0%	89.7%
Liabilities & Equity			
Current Liabilities			
Accounts Payable	$ 1391	7.1%	6.4%
Accrued Liabilities	1822	9.3	8.3
Other Current Liabilities	921	4.7	4.2
Current Portion of Long-Term Debt	646	3.3	3.0
Total	$ 4780	24.4%	21.9%
Long-Term Debt	5250	26.8	24.0
Other Liabilities (including Amounts Due Affiliates)	3291	16.8	15.1
Total Liabilities	$13.321	68.0%	61.0%
Equity (including Intercompany Net Worth)	6268	32.0	28.7
Total Liabilities & Equity	$19.589	100.0%	89.7%

*Based on those supplying data.

projected revenue and expenses is frequently not considered. For example, a projected increase of 10 percent in total revenue should only be budgeted after the leading and lagging impacts on the balance sheet have been calculated. Is the increase due only to price changes, or will there be higher occupancies and more customers in the restaurants? If the number of guests is expected to increase, higher inventories may be needed and possibly additions to fixed assets which must be considered in advance of the increase in sales. How will those changes be financed? When total sales increase the major lagging impact is a rise in receivables. The need to "carry" those additional accounts until collected must be considered.

The analysis of the data provided concerning the value of fixed assets per available room is shown in Exhibit 42, broken down for wholly-owned properties and those in which part of the fixed assets are leased. The average age of the properties reporting is 10 to 15 years so the amounts do not reflect current construction costs. However, the relationships can be considered typical (that is, the ratio of the value of land to the total) so that the figures can be used for comparison. The average rent per available room and ratios to total sales are also shown based on those hotels supplying the detail.

Summary

Exhibits 43 to 46 (pages 76-87) contain the median amounts per available room and ratios to total sales for the regions and for the sample broken down by age, size and various other criteria. Exhibit 47 (pages 88-99) displays the medians and quartiles of selected performance and financial measurements by region.

An increase in occupancy brought about by higher international and domestic travel and only modest increases in capacity, and rate increases that generally kept pace with higher operating costs combined to produce a good year for the hotels covered by our study in 1978. Projections for the balance of 1979 show international arrivals rising by 6 to 7 percent, somewhat less than in 1978, and some customer resistance to continually escalating room rates has been reported. Apparently, fewer Americans have traveled abroad during 1979, but in several countries there has been an increase in domestic travel, since scarcity and high prices for gasoline encourage people to take vacations closer to home. The outlook is for little, if any, improvement in operating results in 1979 over 1978, and the threat of a possible worldwide recession in 1980 makes the outlook for the short term somewhat gloomy. ■

Exhibit 42
Cost of Fixed Assets* — All Hotels

	Wholly Owned	Land Only Leased	Land & Building Leased
Land	$ 4248		
Building & Improvements	19,950	$12,953	$5624**
Furniture, Fixtures & Improvements	6275	5137	5664
Operating Equipment	996	541	493
Total	$31,469	$18,631	$11,781
Rent			
Per Available Room		$ 1502	$ 2179
Ratio To Total Sales		7.6%	10.8%

*Based on arithmetic means of those supplying data.
**Leasehold improvements.

Exhibit 43
Statement of Income and Expenses—Median Amounts Per Available Room*

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	$8957	$9240	$6345	$8129	$10,248
Departmental Expenses					
Payroll & Related Expenses	1445	820	575	1971	1732
Other	754	677	668	790	1483
Total	2171	1442	1363	2760	3000
Departmental Income	6485	7867	4970	5928	6398
Food & Beverage					
Sales					
Food	5015	4764	4747	6143	5823
Beverage	2241	2460	1499	2621	2631
Total	7358	7339	5843	8501	8302
Cost of Sales					
Food	1748	1847	1627	1802	2310
Beverage	534	587	442	1069	588
Total	2296	2552	2021	2682	2875
Gross Profit	5028	4530	3861	6213	5223
Public Room Sales	115	80	58	175	28
Other Income	109	118	135	692	291
Gross Profit & Other Income	5528	4818	3940	6213	5328
Departmental Expenses					
Payroll & Related Expenses	2459	2002	1261	3229	3473
Other	807	936	844	726	1190
Total	3399	3020	2064	4009	4707
Departmental Income	1661	2033	2105	2110	890
Telephone Departmental Income	(36)	37	7	(185)	(256)
Net Income From Minor Operated Departments	77	268	226	128	20
Rentals & Other Income	336	327	456	125	566
Gross Income	8849	9856	8842	8517	7899
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	804	1253	604	779	1100
Other	992	1063	724	696	1232
Total	1889	2898	1407	1462	2302
Marketing	620	433	512	202	1011
Energy Costs	706	1025	826	573	1062
Property Operation & Maintenance	1049	1290	760	797	1588
Total Undistributed Expenses	4519	6097	3589	3370	6100
Income Before Fixed Charges	4492	3795	5325	5014	1962
Property Taxes & Insurance	491	396	199	385	304
Income Before Interest & Depreciation	$2632	$2631	$5049	$3332	$ 1475

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
$6329	$10,269	$11,949	$11,270	$8503	$8021	$6889	$8953	$9159
799	1835	1076	2222	1177	1638	868	1624	1070
393	847	1299	1718	966	650	714	687	830
1445	2552	2231	4317	2199	2219	1490	2262	2145
5137	2202	9798	7567	6017	5626	5476	6644	7136
2741	5542	7843	7843	5675	4484	3273	4429	4220
1076	2479	2805	2660	1352	2580	2023	1783	2209
3817	8122	11,031	10,503	7441	7673	5695	6224	6395
1075	2054	2415	2756	1855	1643	1088	1382	1580
280	730	626	588	328	791	388	367	501
1349	2711	3041	3370	2129	2618	1495	1782	1999
2468	5425	7425	7266	5227	5039	4048	4467	4590
146	162	39	44	70	173	48	119	106
	144	250	69	160	55	463	41	181
2559	5679	7480	7571	5415	5228	4402	4524	4823
1261	3198	2000	3339	2443	3170	1517	2602	2249
437	748	1721	1193	964	848	918	577	884
1714	4073	3613	4297	3427	3901	2309	3136	3205
845	1730	3683	2462	1923	1479	1823	1181	1399
11	112	(20)	(173)	43	(117)	23	(158)	(8)
103	42	467	18	178	12	65	23	224
321	327	794	988	378	182	389	211	387
6807	9854	15,667	10,325	8408	7207	7404	8131	10,956
855	995	628	808	1013	642	624	719	1114
565	1071	1316	1695	957	765	1001	1004	961
1826	2114	2263	2919	2332	1459	1623	1698	2060
513	478	803	714	452	609	597	717	760
1332	746	986	788	654	523	476	671	853
626	1210	1312	1165	1538	896	786	957	1280
3865	5088	4636	5892	4949	3634	3675	4225	5287
1785	5100	9627	5686	4935	3835	3697	3900	5515
90	538	420	681	245	898	315	564	661
$ 753	$ 2645	$ 8724	$ 4398	$2884	$1241	$1756	$2324	$3075

Exhibit 44
Ratio To Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses					
Payroll & Related Expenses	16.3	9.9	8.9	22.3	16.6
Other	8.5	7.2	8.8	9.7	16.7
Total	25.5	15.2	18.6	31.1	30.8
Departmental Income	74.5	84.8	81.4	68.9	69.2
Ratio to Total Sales	37.6	40.1	36.7	26.9	30.6
Food & Beverage					
Sales					
Food	69.4	65.4	74.2	65.3	72.3
Beverage	30.6	34.6	25.8	34.7	27.7
Total	100.0	100.0	100.0	100.0	100.0
Cost of Sales					
Food	34.7	36.6	36.5	30.4	39.3
Beverage	23.5	28.0	26.8	35.2	23.4
Total	31.7	33.7	34.2	32.5	35.3
Gross Profit	68.3	66.3	65.8	67.5	64.7
Public Room Sales	1.7	1.0	.7	1.4	.4
Other Income	1.4	1.5	1.9	4.0	3.1
Gross Profit & Other Income	71.4	67.9	68.0	67.5	69.1
Departmental Expenses					
Payroll & Related Expenses	36.4	28.3	18.5	37.6	34.9
Other	11.5	12.8	12.6	7.3	17.3
Total	47.9	40.5	33.3	45.4	49.7
Departmental Income	24.0	28.3	35.7	23.4	14.5
Ratio to Total Sales	9.5	11.7	15.3	10.8	5.1
Telephone Departmental Profit	(.2)	.3	.1	(1.2)	(.9)
Net Income From Minor Operated Departments	.5	1.3	1.8	.7	.1
Rentals & Other Income	1.6	1.7	2.8	.7	2.6
Gross Income	50.5	53.4	56.8	42.4	41.2
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	4.5	7.6	3.6	3.2	4.7
Other	5.8	6.6	4.5	3.5	5.7
Total	10.6	14.6	8.7	6.4	10.7
Marketing	3.4	2.5	2.9	1.4	4.4
Energy Costs	3.9	5.5	6.1	2.8	6.0
Property Operation & Maintenance	5.6	7.4	5.3	3.7	7.6
Total Undistributed Expenses	24.6	32.5	22.8	14.6	29.6
Income Before Fixed Charges	25.0	20.5	33.7	25.3	10.6
Property Taxes & Insurance	2.7	2.2	1.2	2.1	1.6
Income Before Interest & Depreciation	14.3%	14.4%	31.4%	13.5%	5.5%

*All amounts are medians and do not necessarily add to the totals shown.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14.9	19.0	9.1	17.0	13.5	20.7	13.1	17.3	12.3
12.5	8.4	11.8	13.9	8.2	8.6	10.7	7.4	8.9
25.8	26.5	19.9	30.9	23.0	30.3	24.5	25.1	19.5
74.2	73.5	80.1	69.1	77.0	69.7	75.5	74.9	80.5
29.8	36.2	36.7	35.5	38.3	32.6	37.4	41.8	38.6
67.4	68.5	72.3	74.3	79.5	63.7	62.1	71.6	66.0
32.7	31.5	27.7	25.7	21.4	36.3	38.0	28.4	34.4
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.0	35.8	35.8	31.9	34.0	36.8	31.4	32.5	35.9
27.0	21.7	22.3	20.8	21.9	29.6	19.8	21.2	24.2
33.0	32.6	32.7	29.5	30.5	34.1	27.5	29.5	31.8
67.0	67.4	67.3	70.5	69.5	65.9	72.5	70.5	68.2
2.1	2.0	.5	.6	.5	2.3	.7	2.1	1.3
.0	1.5	1.8	.8	2.6	.8	5.2	.7	2.6
67.0	71.3	70.9	71.4	71.7	69.2	74.8	73.1	72.5
33.5	41.6	21.0	35.0	35.1	41.1	25.9	42.1	34.3
14.2	9.5	13.6	11.4	13.3	10.3	14.8	10.1	15.3
47.4	50.4	35.1	46.1	46.1	51.5	42.1	52.7	50.0
20.9	21.7	37.4	26.3	27.7	18.4	36.1	19.7	22.2
7.9	8.5	14.6	10.8	10.1	8.1	15.5	7.1	8.0
N	.7	(.1)	(.7)	.2	(.7)	.2	(.9)	(.1)
2.2	.2	1.7	.1	.9	.1	.5	.1	1.3
1.9	1.4	2.8	3.0	1.6	1.1	3.0	1.2	2.3
48.2	46.8	58.0	50.3	52.4	43.5	56.4	51.1	53.7
7.4	4.7	2.9	3.6	5.2	4.1	4.8	4.3	5.4
5.9	5.3	3.7	7.8	5.6	5.0	8.3	6.2	5.5
12.3	10.5	7.9	12.1	12.2	9.5	12.9	10.6	11.2
3.8	2.5	3.4	3.2	2.1	4.1	4.9	4.3	3.9
13.0	3.4	4.2	3.0	3.9	3.4	3.2	4.3	4.4
5.5	5.2	4.5	5.0	7.7	5.6	6.6	5.3	5.6
34.7	23.5	19.3	23.4	23.9	21.7	27.0	25.1	25.5
16.5	24.7	37.0	27.9	29.1	21.0	28.7	24.9	24.8
.7	2.7	1.6	2.2	1.5	5.9	1.9	3.7	2.4
3.4%	12.0%	30.8%	21.7%	12.3%	10.3%	15.9%	15.4%	13.4%

Exhibit 45
Statement of Income and Expenses—Median Amounts Per Available Room*

	Age of Hotel				Size of Hotel	
	Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150–299 Rooms
Rooms						
Sales	$9928	$8594	$9574	$8436	$6368	$8377
Departmental Expenses						
Payroll & Related Expenses	2262	1424	1461	1254	1251	1228
Other	797	847	804	707	567	697
Total	3173	2194	2224	2023	1919	2060
Departmental Income	6611	6156	7232	6104	4649	6017
Food & Beverage						
Sales						
Food	5601	4604	5688	4756	4973	5197
Beverage	2127	2026	2360	2190	2019	2184
*Total	7441	6475	8142	7158	7359	7441
Cost of Sales						
Food	1855	1516	2019	1692	1884	1825
Beverage	520	431	582	536	587	557
Total	2254	1995	2533	2297	2506	2292
Gross Profit	5108	4526	5610	4800	4772	5116
Public Room Sales	172	119	130	107	42	109
Other Income	83	62	90	120	104	92
Gross Profit & Other Income	5108	4564	5743	4977	4914	5391
Departmental Expenses						
Payroll & Related Expenses	2936	2368	2741	2224	2309	2340
Other	644	756	857	799	613	747
Total	3916	3117	3796	3156	3123	3285
Departmental Income	1341	1587	2018	1563	1590	1670
Telephone Departmental Income	(57)	(66)	(49)	(16)	(16)	(17)
Net Income From Minor Operated Departments	21	82	108	65	44	78
Rentals & Other Income	394	428	364	291	179	294
Gross Income	8381	8469	9803	8658	7332	8426
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	837	774	803	811	845	855
Other	929	822	957	1051	772	978
Total	1821	1719	1840	2006	1599	1875
Marketing	513	581	618	632	397	548
Energy Costs	764	601	764	682	594	703
Property Operation & Maintenance	1188	1226	1116	951	748	993
Total Undistributed Expenses	4487	4498	4624	4500	3637	4290
Income Before Fixed Charges	4083	3347	5495	4355	2976	3941
Property Taxes & Insurance	609	516	387	497	495	351
Income Before Interest & Depreciation	$2740	$1776	$2846	$2496	$1738	$2468

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Size of Hotel		Room Occupancy					Room Rate			
300–600 Rooms	Over 600 Rooms	Under 50%	50–59%	60–69%	70–79%	80% & Over	Under $25.00	$25.00–$34.99	$35.00–$50.00	Over $50.00
$10,170	$10,421	$4511	$5940	$7743	$9508	$11,484	$5010	$7873	$11,349	$17,334
1560	1574	858	1144	1425	1581	1600	762	1310	1731	2928
874	792	387	543	709	758	955	456	669	940	1409
2419	2498	1344	1670	2079	2366	2535	1284	2017	2645	4563
7219	7550	2974	4165	5697	7182	9131	3514	5735	8497	12,603
5067	4581	3191	4098	4816	5262	5821	3180	4507	5806	8619
2509	2140	1254	1554	2057	2305	2649	1461	1916	2447	3836
7632	6917	4361	5739	7052	7802	8519	4730	6590	8250	12,822
1814	1587	1009	1334	1655	1816	2035	1146	1464	2090	2854
553	429	342	433	498	562	669	408	453	590	839
2341	2031	1310	1742	2260	2415	2730	1548	2011	2654	3748
5211	4708	2887	4029	4726	5363	5773	3071	4620	5633	9040
127	115	16	78	95	164	131	62	104	142	217
102	122	59	52	102	90	158	86	67	97	228
5652	4942	2950	4079	5076	5485	6002	3213	4818	5770	9281
2402	2716	1406	1875	2406	2852	2654	1246	2170	3015	5016
940	821	514	487	771	857	972	538	650	962	1378
3636	3588	2151	2770	3245	3740	3762	1906	2898	3985	6457
1749	1473	786	1200	1380	1846	2395	1424	1476	1904	2832
(41)	(98)	(81)	(59)	(36)	(9)	(24)	(30)	(66)	(35)	179
77	93	95	10	82	50	183	77	45	83	281
372	449	116	134	330	332	435	171	205	360	700
9878	9502	4103	5637	7547	9658	11,900	5133	7907	11,022	16,184
828	724	691	645	785	877	910	491	711	980	1377
1158	992	741	622	826	1166	1165	625	827	1272	1814
2033	1771	1406	1325	1670	2082	2188	1195	1632	2404	3169
714	753	440	468	579	685	702	327	543	760	849
723	774	577	570	734	704	710	536	598	831	950
1164	1083	615	696	967	1061	1280	616	833	1321	2002
4784	4727	3409	3601	4284	4741	5057	2625	3795	5517	7154
5377	5590	560	1941	3438	4987	6777	2305	3877	5819	9465
522	614	356	259	480	535	637	230	479	538	1014
$3119	$2739	$ 8	$1222	$1745	$2987	$4217	$1497	$2333	$2950	$ 6509

(Continued on next page)

Exhibit 45 (continued)*

	Restuarant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50-74% Room Sales	75-99% Room Sales	100% & Over Room Sales
Rooms				
Sales	$9928	$10,412	$9138	$7029
Departmental Expenses				
Payroll & Related Expenses	1504	1534	1376	1367
Other	649	809	815	710
Total	2227	2426	2230	2060
Departmental Income	6841	7765	6990	5229
Food & Beverage				
Sales				
Food	2474	4569	5637	6432
Beverage	974	1855	2489	3110
Total	3477	6543	8142	9642
Cost of Sales				
Food	887	1599	2019	2228
Beverage	218	446	600	819
Total	1079	2029	2531	3254
Gross Profit	2446	4571	5417	6343
Public Room Sales	79	103	141	164
Other Income	29	88	119	182
Gross Profit & Other Income	2590	4821	5703	6872
Departmental Expenses				
Payroll & Related Expenses	1531	2305	2708	2992
Other	347	740	954	1021
Total	1920	2973	3800	4109
Departmental Income	535	1414	1943	2513
Telephone Departmental Income	(60)	(43)	(4)	(52)
Net Income From Minor Operated Departments	53	87	64	108
Rentals & Other Income	166	378	351	336
Gross Income	7948	9940	9292	8573
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	666	802	846	856
Other	821	989	1154	898
Total	1593	1858	2082	1814
Marketing	457	600	749	628
Energy Costs	526	638	801	768
Property Operation & Maintenance	699	1101	1135	1063
Total Undistributed Expenses	3309	4683	5048	4532
Income Before Fixed Charges	4713	5488	4389	4242
Property Taxes & Insurance	551	532	423	496
Income Before Interest & Depreciation	$2465	$ 3057	$2708	$2380

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
$8957	$8905	$7333	$9313	$9963	$7488
1471	1158	980	1473	1480	1333
729	873	808	803	833	657
2189	2040	1886	2269	2309	1993
6520	6426	5373	6857	7255	5433
5028	4966	4856	5327	5461	4322
2265	2026	1825	2609	2400	1751
7351	7632	6959	8083	7981	6420
1731	1864	1685	1996	1961	1484
550	440	423	651	576	482
2292	2333	2129	2644	2509	1987
5018	5048	4617	5476	5384	4358
130	44	46	122	121	106
90	152	222	119	119	69
5214	5258	4905	5633	5633	4560
2516	2249	1953	2865	2892	2021
775	875	916	937	910	593
3489	3310	2884	3832	3796	2797
1575	1914	1750	1749	1754	1478
(26)	58	(21)	21	(40)	(29)
78	63	104	128	82	61
289	480	431	360	369	201
8847	9334	7564	9461	9803	7791
796	913	706	910	915	670
961	1150	859	941	1151	788
1840	2057	1652	1948	2121	1505
594	742	535	621	728	471
704	738	704	785	774	586
1004	1271	967	1188	1208	712
4399	4934	4400	4636	4954	3435
4495	4362	3700	4651	4918	4088
512	386	257	511	534	468
$2632	$2632	$2122	$2483	$2658	$2590

Exhibit 46
Ratios to Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Rooms						
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses						
Payroll & Related Expenses	23.5	18.1	15.2	15.3	19.3	14.7
Other	8.4	9.4	8.4	8.4	9.1	8.1
Total	33.4	27.2	23.9	23.8	28.0	24.3
Departmental Income	66.6	72.8	76.1	76.2	72.0	75.8
Ratio to Total Sales	36.2	35.6	37.9	37.9	31.4	37.7
Food & Beverage						
Sales						
Food	71.8	71.8	69.9	66.8	69.8	68.8
Beverage	28.3	28.3	30.1	33.2	30.2	31.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales						
Food	32.9	32.4	34.7	35.8	36.3	35.4
Beverage	23.5	22.7	22.9	24.0	28.5	24.2
Total	30.6	29.5	31.4	32.3	33.8	32.4
Gross Profit	69.4	70.5	68.6	67.8	66.2	67.6
Public Room Sales	2.1	1.8	1.7	1.7	.6	1.7
Other Income	1.2	.8	1.2	2.0	2.0	1.1
Gross Profit & Other Income	71.8	72.6	71.1	70.6	67.2	69.9
Departmental Expenses						
Payroll & Related Expenses	45.4	41.7	36.1	34.5	31.8	35.5
Other	9.9	10.8	11.6	11.8	9.1	11.6
Total	55.6	51.3	47.7	46.4	43.3	47.1
Departmental Income	16.2	21.9	24.9	25.5	24.6	24.1
Ratio to Total Sales	6.9	8.8	10.4	9.7	12.0	9.7
Telephone Departmental Profit	(0.4)	(0.5)	(0.3)	(0.1)	(0.1)	(0.1)
Net Income From Minor Operated Departments	0.2	0.5	0.7	0.5	0.3	0.5
Rentals & Other Income	2.2	2.1	1.5	1.4	1.2	1.4
Gross Income	44.4	47.0	51.3	51.9	45.6	50.3
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	4.5	4.6	4.1	4.6	5.7	4.9
Other	4.9	5.6	5.1	6.4	6.1	6.0
Total	9.8	11.5	9.3	11.5	13.3	11.1
Marketing	2.8	3.6	3.3	3.7	2.2	3.3
Energy Costs	4.0	4.2	3.7	4.0	4.1	4.1
Property Operation & Maintenance	5.6	6.7	5.6	5.4	5.7	5.6
Total Undistributed Expenses	24.1	25.6	23.2	25.5	27.1	25.2
Income Before Fixed Charges	22.0	19.5	29.0	25.4	20.9	24.2
Property Taxes & Insurance	3.3	2.8	1.9	3.0	2.8	2.4
Income Before Interest & Depreciation	15.3%	13.6%	15.3%	13.8%	11.9%	12.5%

*All amounts are medians and do not necessarily add to the totals shown.
**In $U.S.

Size of Hotel		Room Occupancy					Room Rate**			
300-600 Rooms	Over 600 Rooms	Under 50%	50-59%	60-69%	70-79%	80% & Over	Under $25.00	$25.00-$34.99	$35.00-$50.00	Over $50.00
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16.1	16.9	20.9	19.4	17.5	16.2	13.9	16.1	17.0	15.9	16.1
8.8	8.4	11.0	9.5	8.7	8.2	8.1	8.8	8.5	8.3	8.0
24.6	25.5	31.1	28.5	26.7	24.4	23.0	26.8	24.8	25.1	25.3
75.4	74.5	68.9	71.5	73.4	75.6	77.0	73.2	75.2	74.9	74.8
38.0	39.2	30.1	35.7	35.4	38.1	39.7	35.5	37.4	38.1	38.2
69.5	70.2	68.1	69.5	69.5	69.8	69.3	68.6	68.6	70.1	69.2
30.9	29.8	31.9	30.5	30.5	30.2	30.8	31.8	31.5	30.0	31.0
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.6	32.1	36.6	34.5	35.2	34.7	34.4	36.8	34.3	34.6	34.4
22.6	20.6	25.6	23.4	24.9	22.7	22.4	26.8	23.7	22.6	21.0
30.9	29.2	33.5	31.3	32.4	31.2	30.7	34.0	31.6	30.9	30.5
69.1	70.8	66.5	68.7	67.6	68.8	69.3	66.0	68.4	69.1	69.5
1.9	2.0	1.0	2.3	1.6	1.7	1.8	1.6	1.9	1.5	1.8
1.2	1.8	2.1	1.2	1.3	1.0	1.6	1.9	1.0	1.2	1.6
72.0	74.3	67.5	70.4	70.7	71.8	71.9	67.5	71.6	71.7	72.6
37.3	41.6	35.3	40.5	39.4	37.8	34.0	28.9	35.5	38.9	40.9
11.7	11.0	12.7	10.6	11.4	11.0	11.6	12.1	11.5	11.3	11.3
49.2	51.2	49.3	48.8	50.4	48.9	45.7	43.4	47.7	49.1	51.6
24.0	22.5	19.0	21.0	19.8	23.3	28.0	27.1	25.0	23.3	22.1
8.9	8.3	8.3	9.0	8.1	9.6	10.5	12.0	9.5	9.0	8.2
(0.2)	(0.5)	(0.8)	(0.5)	(0.2)	(0.1)	(0.1)	(0.2)	(0.5)	(0.2)	0.5
0.5	0.6	0.9	0.1	0.6	0.2	0.8	0.6	0.3	.5	.7
1.7	2.2	1.3	1.4	2.0	1.4	1.7	1.9	1.4	1.5	2.0
51.1	52.4	43.7	45.7	47.3	51.8	54.3	48.7	50.5	51.3	50.6
4.1	3.9	6.6	5.0	4.8	4.4	3.7	4.8	4.6	4.5	4.0
5.7	5.7	8.0	6.0	5.5	6.1	5.3	6.1	6.0	5.9	5.0
10.2	9.8	15.5	11.7	10.5	10.9	9.5	12.0	10.6	10.9	9.1
3.7	3.7	4.3	4.0	3.5	3.8	2.8	3.5	3.9	3.5	2.5
3.7	3.9	6.5	5.1	4.2	3.7	3.1	5.1	4.1	3.9	2.9
5.6	5.6	8.3	5.8	5.8	5.6	5.2	5.7	5.4	6.0	5.2
24.1	24.6	37.2	28.4	25.0	25.0	21.2	26.1	24.5	25.1	20.8
27.5	28.2	6.6	17.5	21.3	25.2	30.9	21.3	24.7	26.1	28.4
2.8	3.3	4.1	2.3	2.2	2.8	2.6	2.1	3.6	2.3	2.6
15.9%	16.6%	.1%	11.1%	12.1%	15.9%	22.0%	13.1%	15.0%	13.7%	16.2%

(Continued on next page)

Exhibit 46 (continued)

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Restaurant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50-74% Room Sales	75-99% Room Sales	100% & Over Room Sales
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	16.9	15.2	15.5	19.4
Other	7.4	8.2	8.8	9.4
Total	25.3	24.0	24.5	28.7
Departmental Income	74.7	76.1	75.5	71.3
Ratio to Total Sales	48.1	42.0	37.3	28.2
Food & Beverage				
Sales				
Food	70.8	70.1	68.1	68.6
Beverage	29.8	30.0	31.9	31.6
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	33.8	34.5	34.7	35.7
Beverage	23.1	22.9	22.3	25.4
Total	30.7	31.4	30.9	32.5
Gross Profit	69.3	68.7	69.1	67.5
Public Room Sales	2.5	1.4	1.9	1.4
Other Income	.8	1.1	1.6	2.1
Gross Profit & Other Income	71.8	71.7	71.6	70.0
Departmental Expenses				
Payroll & Related Expenses	45.9	38.0	34.2	33.4
Other	9.8	11.8	11.6	11.4
Total	56.2	49.1	47.1	44.4
Departmental Income	15.0	22.1	25.7	27.1
Ratio to Total Sales	4.0	8.1	10.6	13.8
Telephone Departmental Profit	(0.5)	(0.3)	N	(0.3)
Net Income From Minor Operated Departments	0.2	0.5	0.5	0.6
Rentals & Other Income	1.2	1.9	1.7	1.4
Gross Income	55.7	52.6	50.6	44.5
Undistributed Operating Expenses				
Administrtive & General				
Payroll & Related Expenses	4.7	4.5	4.4	4.6
Other	6.7	5.4	6.0	5.1
Total	12.0	10.0	10.8	9.7
Marketing	3.3	3.3	3.7	3.3
Energy Costs	3.9	3.7	4.0	4.0
Property Operation & Maintenance	4.9	5.6	5.8	5.7
Total Undistributed Expenses	24.3	24.1	25.4	24.2
Income Before Fixed Charges	29.1	29.3	24.8	20.7
Property Taxes & Insurance	3.9	2.9	2.1	2.3
Income Before Interest & Depreciation	19.5%	16.2%	13.3%	11.9%

N Negligible amount
All amounts are medians and do not necessarily add to the totals shown

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16.8	14.6	14.4	16.1	15.8	18.3
8.1	11.7	11.7	8.4	8.5	8.5
25.3	26.9	26.5	25.7	24.6	26.6
74.8	73.1	73.5	74.3	75.4	73.4
37.8	36.9	35.5	37.1	37.6	37.7
68.6	72.3	72.3	66.4	69.4	69.4
31.5	27.7	27.8	33.6	30.7	30.6
100.0	100.0	100.0	100.0	100.0	100.0
34.7	34.6	34.9	35.8	34.7	34.6
23.7	22.7	23.3	25.0	22.8	25.0
31.7	31.7	32.1	32.4	31.3	32.5
68.3	68.3	67.9	67.6	68.9	67.5
1.9	.5	.5	1.7	1.7	1.8
1.2	2.2	2.9	1.5	1.6	1.0
71.4	71.1	70.1	70.5	71.8	70.1
38.5	31.8	28.3	38.5	37.8	35.1
11.1	12.8	13.5	11.6	11.8	10.3
49.2	44.6	44.4	49.2	49.1	47.3
22.7	25.7	29.5	22.6	22.7	29.9
9.0	10.5	11.5	9.6	9.1	9.8
(0.2)	(0.4)	(.1)	.2	(0.2)	(0.2)
.5	.4	.7	.7	.5	.4
1.4	2.6	2.3	1.6	1.7	1.4
50.4	50.6	51.4	42.6	50.7	50.1
4.5	4.6	4.7	4.6	4.6	4.4
5.8	5.8	5.6	5.1	5.9	5.5
10.5	11.6	10.3	10.1	10.8	10.0
3.4	3.7	3.7	2.9	3.6	3.0
3.9	4.1	4.3	3.7	3.9	4.0
5.4	6.4	6.3	5.7	5.8	5.3
24.2	25.6	25.5	24.1	25.1	24.0
25.2	24.7	24.8	24.7	24.8	26.0
2.9	2.0	1.8	2.4	2.7	3.0
14.0%	15.9%	13.1%	11.8%	13.7%	16.0%

Exhibit 47
Medians, Lower & Upper Quartiles For Revenue, Expenses and Balance Sheet Items

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	63.7%	72.9%	82.1%	56.3%	73.9%	81.8%	63.5%	74.2%	84.9%
Percentage of Double Occupancy	26.5	39.0	60.6	17.7	26.6	37.7	23.9	42.5	73.0
Average Room Rate	$27.58	$33.80	$44.02	$28.83	$33.63	$43.49	$19.96	$24.96	$33.23
Income Before Fixed Charges									
Ratio to Room Sales	34.7%	50.0%	64.6%	33.4%	44.3%	58.3%	61.8%	74.7%	84.9%
Ratio to Total Sales	17.5%	25.0%	32.0%	15.6%	20.5%	27.8%	26.4%	33.7%	39.7%
Number of Times Average Rate Earned	87	132	184	83	113	160	157	206	248
Sales & Payroll									
Food Sales									
Ratio to Room Sales	41.1%	54.7%	72.3%	46.3%	54.2%	73.2%	50.6%	73.7%	88.2%
Beverage Sales									
Ratio to Food Sales	34.8	44.2	56.9	42.0	52.9	64.8	23.5	34.8	47.4
Telephone Sales									
Ratio to Room Sales	4.3	5.8	9.8	5.6	8.5	10.4	5.5	9.5	12.8
Ratio to Total Sales	2.1	3.1	4.7	2.5	4.0	5.2	2.8	4.6	5.4
Telephone Departmental Profit									
Ratio to Room Sales	(1.5)	(14)	.9	(.1)	.5	1.7	(.6)	.2	.7
Ratio to Total Sales	(.8)	(.2)	.4	(.5)	.3	.8	(.3)	.1	.3
Rentals & Other Income									
Ratio to Room Sales	1.8	3.2	6.2	2.2	3.5	4.9	2.8	6.3	12.1
Ratio to Total Sales	.9	1.6	3.0	1.1	1.7	2.4	1.5	2.8	5.2
Ratio to Total Sales									
Cash Payroll	18.4	24.0	30.1	16.6	20.7	25.6	11.5	15.0	20.0
Employee Benefits	6.0	8.5	12.1	8.6	9.9	13.1	4.3	5.6	9.0
Net Payroll & Related Expenses	25.7	33.6	39.1	24.2	29.4	36.5	16.2	19.9	24.3
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	12.0	16.3	20.9	8.1	9.9	16.3	6.8	8.9	11.1
Commissions (including Travel Agents)	.6	1.1	2.0	.2	.5	.9	.6	1.0	2.5
Contract Cleaning	.2	.3	.6	.2	.2	.3	.1	.2	.4
Linen	.6	.9	1.4	.6	.9	1.8	.8	1.1	1.5
Laundry & Dry Cleaning	1.3	1.9	2.9	1.1	1.7	3.4	.9	1.6	2.1
Operating Supplies	1.3	1.7	2.2	1.3	2.1	2.7	2.1	2.8	3.6
Other Operating Expenses	.5	.9	1.8	.4	.8	1.5	.6	.9	2.1
Reservation Expense	.2	.5	.9	.2	.4	.8	.2	.3	.5
Uniforms	.1	.2	.3	.1	.2	.4	.2	.2	.3
Total Expenses	19.9	25.5	31.0	14.1	15.2	23.9	16.2	18.6	23.2
Departmental Income	69.0	75.4	80.1	76.2	84.8	85.9	76.8	81.4	83.8
Ratio of Departmental Income to Total Sales	31.8	37.6	43.0	34.1	40.1	43.5	31.7	36.7	42.7

N Negligible amount

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
66.7%	75.5%	79.3%	52.0%	67.3%	78.2%	43.0%	69.6%	84.1%	63.7%	71.4%	80.2%
37.2	44.3	63.2	66.5	72.3	80.7	20.1	31.6	56.1	23.6	32.2	45.8
$25.94	$32.49	$35.41	$37.00	$40.62	$47.76	$22.07	$28.18	$30.44	$29.32	$37.60	$50.58
49.6%	61.6%	73.1%	9.2%	26.0%	38.5%	(42.2)%	31.9%	68.1%	34.2%	50.2%	61.0%
21.9%	25.3%	29.9%	4.9%	10.6%	17.5%	(23.0)%	16.5%	27.0%	16.8%	24.7%	30.9%
138	168	208	26	53	108	(66)	81	178	85	130	163
61.1%	79.8%	96.9%	54.9%	63.8%	77.5%	48.9%	54.2%	86.7%	39.9%	55.6%	72.8%
38.2	53.1	67.9	32.9	38.3	51.8	39.3	48.5	58.1	35.9	45.9	59.0
4.6	6.0	9.0	3.5	4.0	5.0	8.8	12.7	15.4	5.5	8.1	11.4
1.8	3.1	3.6	1.5	1.9	2.1	4.7	6.6	6.9	2.9	4.5	5.9
(4.1)	(2.4)	N	(3.9)	(2.2)	(1.1)	(3.9)	1	1.4	N	1.1	2.2
(1.7)	(1.2)	N	(1.8)	(.9)	(.5)	(1.8)	N	.7	N	.7	1.1
.7	1.5	3.3	3.3	5.5	7.9	.9	3.9	13.9	1.7	2.7	5.7
.3	.7	1.3	1.4	2.6	3.7	.4	1.9	5.7	.8	1.4	2.7
29.6	34.5	38.1	18.4	20.6	31.3	17.1	21.7	36.4	21.7	27.0	32.7
1.9	6.3	7.2	8.4	14.7	16.8	6.1	7.4	14.6	6.1	9.2	16.8
35.6	40.5	41.5	26.8	36.9	45.5	24.9	36.1	56.3	28.9	35.9	42.6
20.1	22.3	24.8	10.9	16.6	22.5	12.6	14.9	34.7	13.8	19.0	26.7
1.2	1.6	2.2	2.9	6.3	8.6	.3	.6	1.7	.7	1.2	1.8
.2	.3	.4	N	.1	.4	.1	.2	.5	.3	.5	.9
.4	.9	1.6	.7	1.1	1.8	.5	1.0	1.5	.4	.7	.9
1.7	2.7	4.4	1.4	2.4	4.1	1.6	3.0	5.1	1.6	2.8	3.8
1.4	2.0	2.3	1.8	2.4	3.3	1.3	2.3	4.1	1.2	1.5	1.9
1.0	2.3	3.1	.6	1.5	2.7	.8	1.6	4.1	.7	1.1	2.3
N	.2	.7	.4	.9	1.5	N	.5	1.3	.1	.3	.6
.1	.2	.2	.1	.2	.3	.1	.2	.6	.1	.2	.2
28.6	31.1	35.7	27.3	30.8	38.9	18.8	25.8	47.2	21.2	26.5	36.7
64.3	68.9	71.4	61.1	69.2	72.7	52.8	74.2	81.2	63.3	73.5	78.8
25.8	26.9	36.5	23.7	30.6	35.1	28.8	29.8	40.5	29.1	36.2	41.7

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	31.9¢	34.7¢	37.5¢	34.5¢	36.6¢	39.0¢	35.2¢	36.5¢	39.3¢
Beverage Cost Per Dollar Sales	20.4	23.5	28.8	23.7	28.0	30.6	24.2	26.8	32.8
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	28.1%	36.4%	44.1%	22.8%	28.3%	32.8%	15.2%	18.5%	25.9%
China, Glass, Silver & Linen	1.1	1.8	2.5	1.7	2.7	3.7	1.2	1.7	3.2
Contract Cleaning	.1	.3	.9	.2	.6	1.5	.1	.2	.4
Kitchen Fuel	.3	.6	1.2	.5	1.0	1.4	.7	1.0	1.6
Laundry & Dry Cleaning	.6	.9	1.4	.5	1.0	1.9	.3	.5	.8
Licenses	.1	.1	.5	.1	.1	.3	.1	.2	.5
Music & Entertainment	1.2	2.6	4.2	1.2	3.0	3.6	1.2	3.4	4.8
Operating Supplies	1.3	1.9	2.5	1.3	2.0	2.8	1.3	1.8	2.7
Other Operating Expenses	.5	1.2	2.0	.5	.7	1.3	.6	1.6	3.4
Uniforms	.3	.4	.6	.2	.4	.7	.3	.5	.7
All Other Expenses	.4	1.2	2.3	.8	1.7	3.3	.2	.9	2.5
Total Expenses	39.2	47.9	55.5	36.6	40.5	46.2	28.0	33.3	40.4
Departmental Income	16.2	24.0	31.6	19.7	28.3	32.9	28.8	35.6	39.6
Ratio of Departmental Income to Room Sales	10.3	19.2	30.0	14.1	23.9	37.8	22.5	32.9	45.5
Ratio of Departmental Income to Total Sales	5.6	9.5	13.5	7.2	11.7	15.2	11.6	15.3	18.1
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	6.6	9.0	12.1	11.1	16.2	21.0	6.2	8.0	11.3
Bad Debts	.2	.5	.8	.4	1.3	1.9	.4	.7	1.3
Credit Card Commissions	1.2	1.7	2.4	.4	.9	1.2	.9	1.2	2.3
Data Processing Service	.2	.3	.6	.3	.6	1.2	.1	.1	.2
Insurance — General	.4	.7	1.3	.6	1.1	1.4	.2	.6	.8
Licenses & Dues	.1	.1	.3	N	.1	.2	N	.1	.1
Management Fees	2.8	5.5	7.4	.9	8.0	20.9	3.8	6.3	14.0
Operating Supplies	.5	.7	1.0	.7	1.1	1.7	.5	.8	1.0
Professional Fees	.2	.5	1.0	.5	.7	1.2	.2	.3	.6
Security	.1	.6	1.2	.6	1.1	1.5	.3	.7	1.1
Travel & Entertainment	.2	.3	.7	.3	.6	1.4	.3	.6	1.0
All Other Expenses	.9	1.7	3.4	1.7	3.0	4.6	1.3	1.9	2.9
Total Expenses	16.2	21.0	27.3	22.3	29.8	41.4	14.7	18.4	29.3
Ratios to Total Sales									
Payroll & Related Expenses	3.4	4.5	5.8	5.2	7.6	9.8	2.7	3.6	4.8
Other Expenses	4.0	5.8	8.1	4.1	6.6	9.9	3.0	4.5	7.4
Total Expenses	8.3	10.6	13.5	10.2	14.6	20.0	6.7	8.7	11.8

*After credit for employees' meals.
N Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
28.0¢	30.4¢	32.5¢	36.5¢	39.3¢	41.2¢	33.5¢	34.0¢	39.2¢	33.2¢	35.8¢	39.4¢
28.2	35.2	37.7	21.9	23.4	25.2	22.0	27.0	29.9	20.9	24.8	31.6
32.3%	37.6%	44.3%	26.8%	34.9%	52.3%	26.4%	33.5%	40.0%	33.5%	41.6%	46.7%
1.2	1.7	2.1	.9	2.2	2.8	.4	.9	2.2	1.1	1.8	2.5
.1	.1	.8	.1	.1	.1	.1	.3	1.1	.1	.6	1.3
.1	.3	.6	.7	1.2	1.4	1.3	1.6	1.8	.3	.6	1.5
.6	.9	1.5	.7	.9	1.3	.6	.7	1.8	.7	1.2	2.0
.6	.8	1.0	N	.1	.1	N	.5	1.3	N	.1	.1
1.3	1.9	5.2	4.1	5.7	6.5	.6	2.7	5.7	.8	1.4	3.1
.8	1.3	2.1	1.8	2.5	2.9	1.2	2.3	3.9	1.0	1.5	2.1
.3	1.4	2.0	.4	.9	1.7	.7	1.4	2.4	.6	1.2	2.1
.1	.3	.4	.4	.4	.5	.3	.4	1.0	.2	.3	.5
.2	.4	1.0	2.0	2.3	3.4	.7	1.3	6.9	.5	1.4	2.4
37.3	45.4	59.4	44.0	49.7	67.4	41.0	47.4	54.1	40.5	50.4	56.1
17.4	23.4	30.0	1.6	14.5	24.2	17.4	20.9	33.7	12.6	21.7	28.5
16.4	26.2	46.5	1.7	12.8	23.2	7.8	17.9	30.1	7.6	16.9	29.4
7.6	10.8	16.2	.9	5.1	10.7	5.3	7.9	14.3	4.4	8.5	12.3
3.4	7.4	9.5	9.0	10.2	12.7	9.3	15.9	27.6	6.4	9.5	12.8
.1	.3	.9	.7	1.5	2.5	.5	1.3	1.8	.2	.4	.6
1.0	1.6	2.0	.9	1.5	1.8	1.3	2.0	3.1	1.1	1.6	2.1
N	.6	1.1	.2	.3	.5	.5	.7	2.4	.2	.3	.6
.7	.8	1.3	.6	.9	1.9	.3	.6	3.0	.4	.7	1.1
N	N	.1	.1	.3	.4	.1	.1	.3	.1	.1	.5
4.3	6.7	9.6	.9	4.4	6.4	.5	.9	8.7	2.2	4.8	7.7
.7	1.0	1.4	.5	.7	1.3	1.4	1.6	3.2	.5	.7	1.0
.1	.4	1.8	.3	.5	1.0	.6	.6	1.8	.2	.6	1.1
N	.4	1.4	.3	1.4	3.0	.6	1.3	1.8	.1	.2	.6
.3	.5	1.2	.3	.8	1.5	.3	1.1	3.0	.2	.3	.6
1.6	1.9	3.1	1.5	2.4	3.9	1.6	3.2	5.8	1.2	2.0	5.6
10.8	15.3	21.9	16.9	25.8	29.7	23.9	27.2	43.8	15.8	20.6	26.5
1.5	3.2	4.8	4.4	4.7	5.1	4.4	7.4	13.4	3.3	4.7	6.2
2.6	3.5	4.3	4.7	5.7	8.9	4.9	5.9	8.8	3.0	5.3	8.9
5.0	6.4	8.6	9.2	10.7	13.6	10.6	12.3	23.9	8.0	10.5	14.4

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	4.4	6.7	9.2	3.5	5.2	7.5	4.6	7.4	11.3
Ratio to Total Sales	2.1	3.4	4.6	1.8	2.5	3.4	2.0	2.9	4.1
Cost Per Available Room	$378	$620	$883	$316	$433	$700	$334	$512	$723
Energy Costs									
Ratio to Room Sales	5.6%	7.8%	11.1%	10.2%	12.0%	16.0%	9.5%	13.5%	18.4%
Ratio to Total Sales	2.9	3.9	5.5	4.8	5.5	8.4	4.2	6.1	7.2
Cost Per Available Room	$522	$706	$976	$507	$1025	$1566	$571	$826	$130
Property Operation & Maintenance									
Ratio to Room Sales	8.4%	11.5%	15.2%	11.5%	15.0%	20.4%	9.8%	12.2%	16.6%
Ratio to Total Sales	4.4	5.6	7.6	5.6	7.4	8.4	4.7	5.3	6.3
Cost Per Available Room	$632	$1049	$1554	$981	$1290	$1760	$588	$760	$1233
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$861	$1438	$2355	$1111	$2402	$4808	$1323	$1851	$2432
Ratio to Total Sales	5.1%	7.2%	10.5%	7.9%	14.6%	20.0%	8.3%	11.1%	12.7%
Annual Turnover	N	11	18	1	6	9	5	10	13
Food Inventory									
Amount Per Room	$58	$103	$178	$96	$134	$273	$73	$104	$200
Annual Turnover	14	21	27	7	14	21	13	21	27
Beverage Inventory									
Amount Per Room	$62	$132	$266	$137	$171	$246	$63	$115	$181
Annual Turnover	3	5	7	2	4	5	3	6	8
Current Position									
Current Assets for Each Dollar of Current Liabilities	$.75	$1.11	$1.69	$.79	$1.02	$1.88	$1.15	$1.55	$2.12

N Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
2.4	3.3	6.8	8.0	9.4	14.6	3.6	8.5	16.6	2.6	5.1	7.5
1.0	1.4	2.6	3.4	4.4	6.0	1.3	3.8	9.1	1.3	2.5	3.4
$185	$202	$863	$732	$1011	$1483	$228	$513	$1074	$278	$478	$792
4.5%	7.4%	7.7%	8.6%	13.3%	16.0%	19.1%	22.9%	34.0%	5.1%	6.9%	9.6%
2.2	2.8	3.8	3.8	6.0	6.5	8.4	13.0	14.3	2.8	3.4	4.5
$513	$573	$716	$913	$1062	$1688	$812	$1332	$1451	$545	$746	$976
5.0%	10.1%	12.2%	15.0%	16.2%	22.2%	6.7%	12.2%	23.0%	7.4%	10.4%	14.9%
2.6	3.7	6.0	6.3	7.6	9.5	3.2	5.5	8.4	4.0	5.2	7.4
$423	$797	$1543	$1438	$1588	$2625	$280	$626	$1373	$632	$1210	$1750
$1190	$1709	$1787	$1912	$2405	$3821	$503	$827	$4516	$1223	$1766	$2996
5.0%	5.4%	6.3%	8.2%	12.1%	15.0%	5.0%	7.7%	21.6%	6.1%	7.8%	10.3%
18	20	21	6	9	11	2	12	19	N	9	14
$82	$185	$491	$197	$308	$381	$49	$72	$145	$58	$114	$153
8	16	18	10	12	14	7	23	30	17	22	35
$204	$328	$339	$98	$131	$186	$46	$70	$147	$113	$228	$482
4	4	6	4	5	5	2	5	9	2	3	5
$.96	$1.38	$2.28	$.92	$1.03	$1.58	$.68	$1.24	$2.63	$.74	$1.05	$1.51

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Exhibit 47 (continued)
Medians, Lower & Upper Quartiles
For Revenues, Expenses and Balance Sheet Items

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	80.6%	83.6%	91.2%	69.0%	85.3%	93.8%	54.9%	71.3%	84.3%
Percentage of Double Occupancy	37.2	44.4	49.4	55.8	75.5	87.2	14.2	41.3	74.6
Average Room Rate	$32.14	$38.87	$49.84	$26.63	$42.26	$51.49	$31.43	$37.19	$61.96
Income Before Fixed Charges									
Ratio to Room Sales	69.5%	81.1%	94.9%	43.8%	53.3%	62.1%	25.1%	54.8%	84.7%
Ratio to Total Sales	25.4%	37.0%	43.3%	19.2%	27.9%	30.2%	12.7%	29.1%	43.5%
Number of Times Average Rate Earned	215	247	295	113	166	198	52	161	257
Sales & Payroll									
Food Sales									
Ratio to Room Sales	47.7%	69.7%	91.0%	48.0%	64.5%	92.3%	45.3%	66.4%	74.6%
Beverage Sales									
Ratio to Food Sales	28.2	38.4	46.0	29.2	34.6	40.7	13.0	27.2	53.4
Telephone Sales									
Ratio to Room Sales	5.3	8.6	10.3	1.7	2.1	4.6	5.3	8.5	12.3
Ratio to Total Sales	2.0	3.3	4.5	1.0	1.1	1.8	2.5	3.9	6.1
Telephone Departmental Profit									
Ratio to Room Sales	(.9)	(.1)	3	(1.7)	(1.4)	(.5)	(.4)	4	2.4
Ratio to Total Sales	(.4)	(.1)	1	(.9)	(.7)	(.3)	(.2)	2	1.3
Rentals & Other Income									
Ratio to Room Sales	2.8	5.2	20.4	3.8	6.6	10.6	1.9	3.3	5.7
Ratio to Total Sales	1.3	2.8	8.7	2.1	3.0	6.1	1.0	1.6	2.7
Ratio to Total Sales									
Cash Payroll	15.7	17.7	22.8	19.1	22.6	27.2	12.2	19.6	22.6
Employee Benefits	3.9	5.1	7.6	7.3	8.6	9.4	8.9	15.1	17.2
Net Payroll & Related Expenses	15.5	17.2	31.4	27.3	31.3	35.6	17.3	31.1	40.8
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	7.0	9.1	15.9	13.7	17.0	19.8	5.4	13.5	15.9
Commissions (including Travel Agents)	1.6	2.5	3.2	1.0	6.6	10.3	.6	2.8	5.9
Contract Cleaning	2	3	8	1	.2	4	1	4	.6
Linen	4	6	2.1	9	1.2	1.6	8	1.0	1.3
Laundry & Dry Cleaning	9	1.6	2.1	1.6	2.2	2.8	9	1.2	2.2
Operating Supplies	2.0	2.4	3.5	1.2	1.5	3.1	1.5	1.9	2.4
Other Operating Expenses	9	1.7	2.7	2	5	1.7	3	6	1.5
Reservation Expense	3	4	6	4	5	6	1	2	4
Uniforms	2	2	3	1	1	3	2	3	6
Total Expenses	15.9	19.9	29.3	26.4	30.9	33.5	11.3	23.0	30.9
Departmental Income	70.8	80.1	84.1	66.5	69.1	73.6	69.1	77.0	88.7
Ratio of Departmental Income to Total Sales	24.3	36.7	45.0	27.1	35.5	37.8	32.1	38.3	44.4

N Negigible amount

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
61.9%	68.8%	77.8%	67.5%	78.4%	85.4%	63.4%	71.6%	81.0%	63.7%	78.7%	86.9%
27.2	40.0	57.5	52.3	60.6	87.8	25.4	34.0	44.4	37.1	42.6	50.1
$23.35	$29.94	$34.05	$17.76	$25.66	$32.25	$29.34	$34.49	$41.82	$28.78	$33.27	$43.18
28.1%	43.8%	52.7%	40.8%	57.3%	67.3%	35.7%	44.5%	56.0%	28.7%	51.5%	63.6%
14.6%	21.0%	24.7%	19.2%	28.7%	33.1%	18.5%	24.9%	33.0%	15.3%	24.8%	32.5%
59	109	157	99	160	198	88	111	149	69	148	195
36.9%	54.7%	71.4%	41.0%	53.6%	67.0%	32.2%	45.7%	56.7%	39.6%	48.4%	61.0%
49.5	57.0	81.0	44.6	61.2	83.3	34.0	39.7	42.3	39.8	52.5	61.1
4.2	4.8	5.8	1.7	3.3	4.9	4.4	5.1	5.7	5.9	8.5	11.5
1.9	2.4	3.0	.9	1.7	2.5	2.3	2.8	3.4	2.9	4.4	5.2
(3.0)	(1.3)	(1.0)	(.3)	.3	.9	(2.2)	(1.7)	(1.1)	(.8)	(.1)	.6
(1.2)	(.7)	(.4)	(.1)	.2	.4	(1.2)	(.9)	(.7)	(.4)	(.1)	.4
1.4	2.3	5.7	3.3	6.0	7.8	1.4	2.1	3.7	2.7	4.6	6.4
.6	1.1	2.6	1.6	3.0	3.9	.5	1.2	1.9	1.4	2.3	3.6
29.8	33.1	36.2	17.3	20.1	24.1	23.5	26.8	30.1	14.0	16.6	23.3
3.0	5.3	7.7	6.3	7.4	9.1	7.3	8.7	10.3	10.9	12.7	14.1
35.7	38.8	42.5	23.3	26.2	31.2	30.7	35.9	40.5	25.6	30.3	34.1
19.4	20.7	24.5	10.1	13.1	15.7	15.2	17.3	20.5	10.6	12.3	14.1
.5	1.1	1.2	.9	2.1	3.0	.4	.6	1.0	.7	1.1	1.8
.4	.9	1.2	.2	.3	.7	.1	.2	.5	.1	.3	.4
.5	.9	1.2	.9	1.6	2.1	.9	.9	1.2	.7	1.1	1.7
1.5	2.4	2.9	1.5	1.9	3.0	1.4	1.7	2.4	.9	1.2	1.7
1.5	1.7	2.2	1.3	1.8	2.6	1.1	1.4	1.6	1.7	2.1	2.4
.5	.7	1.5	.9	1.4	2.7	.4	.6	1.0	.4	1.2	3.2
.4	.7	.8	.5	.7	2.1	.4	.9	1.6	.1	.3	.9
.1	.2	.4	.1	.2	.3	.1	.2	.3	.2	.3	.5
27.7	30.3	33.7	20.5	24.5	30.0	22.8	25.1	27.9	18.1	19.5	28.8
66.3	69.7	72.3	70.5	75.5	79.5	72.1	74.9	77.2	71.3	80.5	81.9
29.2	32.6	39.0	33.3	37.4	41.8	37.3	41.8	47.8	33.9	38.6	45.0

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Exhibit 47 (continued)

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	31.4¢	35.8¢	38.5¢	30.7¢	31.9¢	36.4¢	28.8¢	34.0¢	37.2¢
Beverage Cost Per Dollar Sales	20.2	22.3	25.2	19.3	20.8	23.2	18.8	21.9	27.5
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	16.8%	21.0%	36.4%	30.3%	35.0%	37.8%	23.8%	35.1%	43.8%
China, Glass, Silver & Linen	9	1.3	1.7	.8	1.7	2.3	.6	2.5	3.3
Contract Cleaning	1	3	5	1	1	1	2	5	6
Kitchen Fuel	6	1.0	1.2	7	1.3	1.6	3	4	6
Laundry & Dry Cleaning	5	9	1.3	5	7	1.4	4	7	1.2
Licenses	1	.1	2	1	2	3	N	N	1
Music & Entertainment	1.1	3.0	4.7	1.2	4.2	4.9	2.2	2.8	6.0
Operating Supplies	1.9	2.7	3.1	1.2	1.7	2.0	1.8	2.2	2.9
Other Operating Expenses	1.0	1.3	2.7	2	4	2.0	.6	1.6	3.1
Uniforms	3	.5	6	2	4	5	5	7	1.3
All Other Expenses	4	.9	2.4	5	1.1	1.9	5	1.0	3.0
Total Expenses	29.5	35.1	48.9	38.0	46.1	49.2	35.7	46.1	59.5
Departmental Income	30.9	37.4	40.2	21.3	26.3	32.9	13.0	27.2	53.4
Ratio of Departmental Income to Room Sales	26.1	30.7	45.8	14.0	20.8	34.5	6.2	18.0	38.5
Ratio of Departmental Income to Total Sales	12.0	14.6	16.5	8.3	10.8	14.6	2.8	10.1	17.1
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	5.1	5.6	10.6	5.4	7.1	13.3	6.8	10.4	14.2
Bad Debts	1	2	6	N	3	1.1	2	3	7
Credit Card Commissions	1.6	1.9	2.4	8	1.1	2.2	9	1.2	1.4
Data Processing Service	1	2	3	1	3	5	2	5	8
Insurance — General	2	4	7	9	1.0	1.4	4	7	9
Licenses & Dues	1	2	4	N	N	3	N	1	2
Management Fees	1.2	7.2	16.7	6.6	11.6	13.5	5.1	6.5	10.3
Operating Supplies	4	5	8	2	4	1.1	5	8	1.5
Professional Fees	1	2	3	1	4	8	4	7	1.7
Security	1	1.4	1.7	8	1.2	1.4	4	1.3	2.5
Travel & Entertainment	2	3	8	.07	3	8	3	4	7
All Other Expenses	4	9	3.0	6	9	3.2	9	1.8	3.7
Total Expenses	11.7	19.9	31.2	18.1	21.6	30.0	15.2	24.0	32.0
Ratios to Total Sales									
Payroll & Related Expenses	2.6	2.9	3.6	3.0	3.6	4.9	3.7	5.2	6.6
Other Expenses	3.1	3.7	6.5	5.1	7.8	9.3	4.1	5.6	8.0
Total Expenses	6.2	7.9	11.0	10.4	12.1	13.7	8.5	12.2	14.7

*After credit for employees' meals
N Negligible amount

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
34.2¢	36.8¢	40.3¢	29.9¢	31.4¢	34.3¢	30.6¢	32.5¢	34.6¢	34.4¢	35.9¢	37.5¢
28.1	29.6	33.7	17.6	19.8	21.7	19.6	21.2	22.9	19.6	24.2	28.9
36.9%	41.4%	45.8%	23.3%	25.9%	28.5%	37.1%	42.1%	50.2%	28.1%	34.3%	39.8%
1.0	1.5	2.2	.9	1.9	2.8	1.3	1.8	2.3	1.3	2.1	2.9
.4	.8	1.3	.2	.5	.8	.1	.2	.9	.2	.3	.6
.1	.3	.6	.3	.4	.9	.3	.4	.5	.4	.6	1.2
.5	.9	1.4	.4	.6	.9	.7	.8	1.2	.5	.8	1.2
.1	.4	.8	.5	1.3	1.8	.1	.1	.2	N	.1	.1
1.8	2.6	3.4	3.0	4.8	8.2	.9	2.0	3.3	2.1	2.9	5.1
1.6	1.9	2.2	1.2	2.1	2.5	1.5	1.9	2.4	1.5	2.1	3.2
.3	.8	1.5	.9	1.4	2.4	.5	.9	1.7	.3	1.5	3.8
.2	.3	.5	.3	.4	.5	.3	.4	.7	.6	.7	.9
.2	.8	1.2	.5	1.4	2.6	.4	1.1	1.7	.5	2.9	4.0
47.1	51.5	57.2	36.3	42.1	46.1	47.7	52.7	61.3	45.9	50.0	57.6
11.3	18.4	25.3	30.2	36.1	40.8	13.7	19.7	25.2	9.9	22.2	30.1
7.7	16.1	25.7	22.2	32.0	37.4	6.9	13.3	18.9	7.4	15.0	23.6
5.3	8.1	10.5	11.5	15.5	17.6	4.3	7.1	9.5	4.1	8.0	11.2
7.4	9.0	10.8	7.1	10.0	12.9	5.9	8.1	9.1	8.7	10.8	13.1
.3	.4	.7	.2	.5	.7	.3	.4	.6	.6	.8	1.3
1.5	2.2	2.7	1.9	2.6	3.3	1.6	2.0	2.3	1.4	1.8	3.0
.2	.3	.6	.5	1.0	1.4	.1	.2	.3	.1	.2	.4
.2	.5	.9	.1	.3	.6	.7	1.1	1.7	.3	.7	1.0
.1	.2	.4	.1	.1	.3	.1	.2	.3	.1	.2	.2
1.6	6.0	6.8	.6	3.1	6.8	3.7	5.1	6.6	.5	3.2	6.2
.5	.7	.9	.7	.9	1.7	.3	.5	.6	.6	.6	.9
.3	.6	1.2	.4	.8	2.1	.1	.4	.6	.5	1.3	1.9
.1	.2	1.3	.5	1.1	1.3	N	.1	.5	.2	1.2	1.5
.2	.4	.8	.2	.5	1.4	.1	.2	.4	.2	.6	1.1
.8	1.2	3.7	2.2	3.6	9.6	.7	1.0	1.4	1.1	2.4	3.1
16.4	19.5	24.0	19.8	25.9	31.1	14.9	19.1	21.6	19.3	21.6	25.9
3.4	4.1	5.4	3.7	4.8	6.7	3.6	4.4	5.0	4.6	5.4	6.8
3.7	5.0	6.2	5.5	8.3	9.4	5.2	6.2	7.5	4.3	5.5	7.7
7.7	9.5	11.4	10.0	12.9	15.0	9.0	10.6	12.4	9.6	11.2	14.8

(Continued on next page)

Exhibit 47 (continued)

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	5.0	7.2	9.6	4.5	6.3	9.6	2.8	5.2	8.0
Ratio to Total Sales	2.3	3.4	4.3	2.6	3.2	4.3	1.2	2.1	3.7
Cost Per Available Room	$679	$803	$1203	$472	$714	$1232	$283	$452	$727
Energy Costs									
Ratio to Room Sales	6.7%	7.9%	14.9%	3.7%	5.1%	13.4%	3.4%	7.8%	11.5%
Ratio to Total Sales	3.2	4.2	5.2	2.0	3.0	5.6	1.5	3.9	5.3
Cost Per Available Room	$646	$986	$2368	$586	$788	$1056	$479	$654	$793
Property Operation & Maintenance									
Ratio to Room Sales	8.6%	10.5%	14.2%	7.2%	10.4%	18.4%	9.4%	14.0%	20.3%
Ratio to Total Sales	4.0	4.5	5.6	3.9	5.0	6.4	4.9	7.7	9.0
Cost Per Available Room	$734	$1312	$1614	$881	$1165	$1691	$853	$1538	$2517
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$1339	$1963	$3254	$1195	$1654	$2432	$1269	$1639	$4196
Ratio to Total Sales	5.5%	6.9%	8.6%	5.9%	7.0%	10.2%	5.4%	7.5%	12.4%
Annual Turnover	N	13	16	N	N	12	0	10	13
Food Inventory									
Amount Per Room	$89	$216	$446	$99	$172	$376	$148	$300	$597
Annual Turnover	13	19	24	7	18	35	6	13	16
Beverage Inventory									
Amount Per Room	$68	$119	$250	$68	$279	$356	$70	$158	$344
Annual Turnover	6	7	10	2	3	7	3	3	6
Current Position									
Current Assets for Each Dollar of Current Liabilities	$.94	$1.22	$1.75	$.99	$1.19	$1.98	$.93	$1.43	$2.92

*After credit for employees' meals
N Negligible amount

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
6.0	8.2	10.4	6.4	10.3	12.8	6.3	7.5	9.4	5.6	7.4	10.6
2.8	4.1	5.0	3.6	4.9	6.2	3.6	4.4	5.3	3.0	3.9	4.8
$358	$609	$980	$437	$597	$814	$530	$717	$967	$580	$760	$990
5.1%	7.8%	8.6%	5.5%	6.4%	8.0%	5.8%	7.8%	9.4%	6.2%	8.6%	11.7%
2.4	3.4	4.2	2.9	3.2	4.0	3.4	4.3	5.4	3.3	4.4	5.6
$371	$523	$706	$353	$476	$641	$522	$671	$922	$667	$853	$1103
7.8%	11.6%	14.5%	11.7%	13.8%	16.6%	6.9%	9.8%	12.7%	9.5%	11.9%	13.3%
4.3	5.6	6.4	5.6	6.6	8.4	4.2	5.3	7.1	4.7	5.6	7.6
$519	$896	$1210	$606	$786	$1172	$618	$957	$1282	$721	$1280	$1619
$368	$785	$1248	$846	$1067	$1609	$524	$766	$1220	$1052	$1916	$2932
2.8%	3.8%	6.3%	5.5%	8.6%	11.2%	3.7%	5.2%	6.3%	8.2%	10.0%	12.6%
N	19	34	N	16	23	N	17	24	N	9	12
$62	$89	$127	$48	$85	$115	$31	$49	$71	$63	$126	$182
16	22	27	12	19	26	21	27	40	16	20	22
$70	$138	$289	$123	$160	$271	$28	$39	$56	$101	$226	$318
6	8	10	2	3	4	7	9	11	2	3	5
$.40	$.74	$1.00	$.81	$1.08	$1.78	$.51	$1.05	$1.57	$.89	$1.15	$1.44

Appendix 1

This report contains data from hotels in the regions indicated on the map below

Appendix ?
Explanation of Terms and Bases Used

The accounting information has been accumulated using the 7th revised edition of the *Uniform System of Accounts for Hotels*, approved by the American Hotel & Motel Association, as a basis. The following paragraphs define the terms used in this study.

Room Sales
This category includes revenue from guest accommodations rented on a part-day, full-day, or longer period basis. The figures are net of any sales or turnover taxes and service charges paid to employees.

Revenue from public rooms ordinarily used for food and beverage service is not included in room sales.

Food Sales
This category includes revenue derived from the sale of food in restaurants, through room service or at banquets. Sales do not include meals charged by hotel management staff.

Beverage Sales
This category includes revenue from the sale of wine, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks. Sales do not include beverages charged by hotel management staff.

Minor Operated Department Sales
This category includes revenue derived from telephone, laundry and valet services. It also includes income from casino operations, pool club memberships and other departments operated.

Other Income
This category includes profit on foreign exchange, concession income and other income such as commissions from auto rentals, garage, parking lots and salvage.

Store Rentals
This category includes all income from rental of stores and showcases.

Cost of Food Sales
This category includes the cost of food served to guests, together with transportation and delivery charges, at gross invoice price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.

Cost of Beverage Sales
This category represents the cost of wines, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks and all other material served as beverages, or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverages sold.

Cost of Minor Operated Department Sales
This category represents the cost of telephone, laundry and valet sales and any other minor operated department sales.

Rooms Payroll
This category includes salaries and wages of personnel of the rooms department (front office, doormen and porters).

Also included are the employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Food and Beverage Payroll
This category includes salaries and wages of personnel in the food and beverage department (purchasing, receiving, storage, preparation, service, dish-

washing, cashiers, and control). Also included are all employee benefits, such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Minor Operated Department Payroll

This category includes salaries and wages of personnel in all minor operated departments, including telephone, guest laundry, valet, casino and pool. Also included are all employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions. House laundry and employee cafeteria payrolls are not included as they have been allocated to the various departments and are included in other expenses.

Other Expenses

The term "other expenses" can cause confusion. At first sight, it is a loose term—for example, the expression "wages and other expenses" could be interpreted as "wages and all additional expenses incurred in operating a facility." However, its meaning is precise and refers to direct departmental expenses incurred in the operation of a department or service (rooms department, sales office).

Rooms, Other Expenses

This category represents expenses other than rooms payrolls as defined above, such as rooms cleaning supplies, guest supplies, laundry, linen, reservation expenses, paper supplies and travel agents' commissions.

Food and Beverage, Other Expenses

This category includes items such as china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

Minor Operated Departments, Other Expenses

This category includes items such as telephone equipment rental, laundry supplies, casino uniforms, casino entertainment and pool supplies.

Undistributed Operating Expenses

This classification is used for (1) administrative and general expense, (2) marketing expense, (3) energy costs, and (4) property operation and maintenance expense. Each of these can be considered as an individual entity. Some examples of the expenses included are:

- Administrative and general other expense includes cash overages or shortages, commissions on credit cards, collection charges, executive office expense, general insurance, postal, legal expense, trade association dues, traveling expenses, accountants and consultants fees.
- Marketing other expense includes advertising in all media and applicable travel expenses and supplies.
- Energy costs include the cost of electrical power, fuel, steam and water.
- Property operation and maintenance includes the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated department income, store rentals and other income, less all undistributed expenses.

There are thus three levels of profit in the study. The first level is departmental profit (rooms, food and beverage, minor operated); the second is gross income (the sum of departmental profits plus store rentals and other income); the third is income before fixed charges (gross income less undistributed operating expenses).

Room Statistics

The published number of rooms for rental in a hotel usually differs from the actual number of rooms available—only the rooms permanently available to the public are used in computing ratios.

The number of rooms available in a period (usually a year) is the number permanently available multiplied by the days in the period.

The number of rooms occupied is the sum for the period of rooms rented to guests daily.

The number of guests is the sum of the daily house-counts for a period.

Rate of Occupancy

The rate of occupancy is derived from the room statistics above. The average annual room occupancy is the ratio of total occupied rooms to total available rooms.

Average double occupancy is represented by total number of guests divided by total number of rooms occupied. This result can be expressed either on a guests per room basis, or as a percentage. Thus,

$$\frac{\text{total number of guests}}{\text{total occupied rooms}} = \frac{75}{50} = 1.50$$

This can be expressed as a double occupancy of 50 percent, or as 1.5 guests per occupied room.

Average Rate

There are two quantities widely used to express rooms sales on a unit basis—average room rate and the average rate per guest.

The average room rate is defined as room sales divided by the total number of rooms occupied.

The average rate per guest is defined as room sales divided by the total number of guests.

Number of Times Average Room Rate Was Earned

This measurement of operating efficiency is calculated by dividing income before fixed charges (house profit) per available room by the average room rate.

Food and Beverage Department

The ratios in the restaurant department are based on total food and beverage sales. The single exception is cost of sales. Cost of food sold is expressed as a percentage of food sales. Similarly, the cost of beverages sold is expressed as a percentage of beverage sales.

Current Ratio

The current ratio is defined as current assets, divided by current liabilities. The current portion of long-term debt has been excluded from current liabilities.

Inventory Ratios

Inventory figures taken from the balance sheet have been directly related to operations.

Average inventory is the sum of opening and closing inventories divided by two.

The turnover ratios represent cost of sales divided by average inventory.

Accounts Receivable Ratio

Average accounts receivable is the sum of opening and closing accounts receivable divided by two.

The turnover ratio represents sales divided by average accounts receivable.

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